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The Week

CONGRESS has adjourned, and if the business community had really believed what it has been saying for many months, the end of the session should have been greeted by a tremendous upward movement in the stock market. On the contrary, the first business day after the legislators ceased their labors showed a net loss in the market of one to two points. All sensible people knew, of course, that the propaganda to the effect that Congress was frightening business and delaying the return of prosperity was without substantial foundation. They knew that the downward movement of stocks during the past two and a half years has continued without reference to whether the national legislature was in session or not. This session of Congress might have done better, but it might also have done a great deal worse. While it passed some undesirable bills (part of which were vetoed by the President), it also passed a mass of other legislation, some of which is good and much more of which would have been good if President Hoover deadly enemies of the labor movement. The extraordinary self-assertiveness of the Hitlerites was another. If it had been subservient to their wishes, you would have heard "Nice Congress! Good Congress!" from lips which now emit only growls of rage and scorn.

LAST week we expressed the expectation that the relief bill which would finally emerge from the struggle between Messrs. Hoover and Garner would be so inadequate that it would be of little real value, and of no use at all as a device for forcing the end of the depression. This opinion is amply justified by the terms of the measure as finally passed. Although it is called a "$2,100,000,000 bill," the actual sums to be dispersed under it are far smaller than that. A billion and a half is provided for what Mr. Hoover calls "productive construction work of public character on terms which will be repaid." It will be very difficult to find work of this character, and even after it has been invented, there will be a lag of many months before expenditures begin on any important scale. The loans to states for emergency relief will do some good—Illinois and Pennsylvania have already applied for assistance—but legal restrictions on the states' borrowing power and reluctance to admit their plight before the country are likely to prevent expenditures on a scale adequate to the need. The real job has been left for the next session of Congress, with the usual Micawberish hope that the depression may have begun to mend in the meantime.

MONDAY'S decree of the von Papen government in Germany, once more forbidding all outdoor demonstrations, fails to remove the deeper cause of the clashes that, on Saturday and Sunday last alone, cost twenty lives: the right of the military organizations of all parties save the Communists to wear uniforms. Technically, the dispatches of the Associated Press which place the responsibility for this bloodshed at the door of the Communists may be correct. But everyone familiar with German conditions knows that the provocative arrogance of uniformed National Socialist troopers marching through working-class districts must incense the radical workers who regard the Fascists as the

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Captain Ernst Roehm, commander of the Storm Troops. He declared that the Sturm Abteilungen had been designated, with the full understanding of Groener and von Schleicher, the previous and the present Reichswehr Ministers, as an auxiliary "border guard" to the Reichswehr. The Berlin correspondent of The New York Evening Post reports that Nazi Storm Troopers shunted aside the police at an official function in Berlin, adding that the Brown Shirts have instituted a regular inspection of anti-Fascist gathering places. Hitler is reported to have conferred with Hindenburg, demanding the replacement of von Gayl, Minister of the Interior, by his political intimate, Kurt von Schleicher. Whether this and other National Socialist demands will be granted, the near future will show. Meanwhile the Nazis are already in virtual control of large parts of Germany, a state of affairs that is likely to lead to civil war.

THE war that is not a war still rages in China. North and south the fighting is being carried into new territory, by new forces, still under the fiction that peace reigns. In the North, the Japanese armies continue their slow drive toward the Siberian border. Apparently the Japanese censorship continues also, so that we do not know what points they have reached or what losses they have suffered. An immediate Russo-Japanese war becomes less likely as the summer advances, for the fighting season is short in northern Manchuria, and June was the best month for an attack. What now seems more likely is that the Japanese, using Manchuria as a base, will invade northern China. Already they have made an incursion into the province of Jehol, shown on the maps as part of China proper. They have fought a victorious engagement with a small force of Chinese regulars, and will now withdraw, so they promise, "if the situation is not aggravated by the Chinese." But the Japanese are not famous for peaceful withdrawals from any territory whatsoever. . . . The League of Nations Commission has left Manchuria, having accomplished nothing.

IN South China, the war has taken the form of a great Communist Suppression Campaign, the fourth of its kind. The three earlier campaigns were costly failures: the Nationalist armies of three or four hundred thousand men went marching into the Kiangsi hills with airplanes, cannon, machine guns, poison gas; and then marched back again. They won victories in the field, reconquered wide territories, but in the end they proved helpless against the guerilla tactics used by the peasants, who worked in the fields by day, hid by the roadside at night, ambushed supply trains, captured small detachments, and carried on a continual propaganda, so that whole regiments deserted to them. This time the Communists are stronger in men and munitions; they are risking pitched battles. As for gathered all his forces and raised a huge loan from the Shanghai bankers—secured, it is said, by the profits of the opium traffic, which is now to be legalized. He is coöperating with his enemies at Canton, who have also entered the campaign, and he has reëquipped the Nineteenth Route Army, which distinguished itself in the defense of Shanghai. He is wagering everything on the results of the present campaign. If he wins, he has new territories to tax, exploit and flood with opium. If he loses, the Nanking government will probably fall, and it is even possible that the whole Yangtse Valley will become a soviet republic.

THE hour of reckoning for the private utilities which have pursued anti-social policies seems to be at hand. Last week we commented on the reduction of telephone rates ordered by the Wisconsin Commission. In no less than fourteen other states action has been begun to reduce rates on electricity, gas, water or telephone service. It will be difficult, at a time like this, for utilities to resist pressure for reduction, and it is likely to spread and intensify. Of course no probable cut in rates will threaten the solvency of any operating company; the coming wave will doubtless leave them all in a better position in respect to earnings than most concerns in other industries. Nevertheless, it will spoil, for a time at least, the holding-company game. As has many times been explained, the pyramiding of securities in holding companies means that a trifling difference in the earnings of operating subsidiaries makes a tremendous difference in the earnings of the companies at the top of the pyramid. It was this fact which made the holding companies so immensely profitable while the operating companies were earning only what was, in the judgment of commissions and courts, supposed to be a "fair return" on their "value." As operating returns are reduced, holding-company profits will melt like snow under a tropical sun.

A SUBSEQUENT action of the Wisconsin Commission in regard to other utilities than the telephone company has brought an enraged howl from the magnates of this industry, but ought to be appreciated more highly by common, garden investors. As a precautionary measure, the Commission has forbidden a number of companies to pay any more dividends on common stock until it has ascertained whether they are in a position to go on paying interest on their bonds and other obligations supposed to be prior to the shares in question. Since the stock is owned principally by the holding companies, which use it to gather in their profits, after having derived a major part of the money needed to build and equip the plants from the public investors in bonds, this measure would seem to be one of eminent justice. Also, the Commission has asked embarrassing questions about the salaries paid to high officials. It may be [illegible]

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if capitalistic morality is to preserve any vestige of decency, there can hardly be an equitable objection to preventing the insiders from robbing the outsiders in a clear case of this kind.

IT WAS like Calvin Coolidge to come out (as he has in Collier's Weekly) for a sales tax and against "soaking the rich." It was like him to make a pronouncement, as he did some weeks before, against cancellation of the war debts. Indeed, Mr. Coolidge has great value as the touchstone of conservatism. His consistency in advocating or opposing policies is so great that we can always tell what the dogma of the extreme right in America is, by referring to his position. It is too bad that this magnificent unwavering consistency, unaffected by the passage of time, by the pressure of events, by extremes of heat or cold, by prosperity or depression, cannot be preserved for future generations, like the standard pound or yard in the Bureau of Standards in Washington. Like an indestructible phonographic record he could be heard centuries hence, after capitalism has become a faint memory and even socialism is in decay, repeating homilies in favor of thrift and economy, and against the recklessness of change. Perhaps, indeed, he is already so close to the inanition of timelessness that he will last that long.

WITH its head muddy but unbowed, the Bonus Expeditionary Force, which dug itself into the mire of the Potomac Flats two months ago, is still in Washington. Only two thousand of its 15,000 to 20,000 members have accepted the government's offer of free transportation to their homes, and it is reported that many of these have accepted transportation merely to recruit new members to march on Washington. Thus far no violence has been reported, though under the orders of Vice President Curtis a detachment of Marines armed with clubs and two-foot lengths of hose were dispatched to the Capitol to protect hysterical members of Congress from any attempted violence. Vice President Curtis's order was immediately rescinded by the President, and the members of the famous "death march" continued to parade before the Capitol after the manner of Gandhi's followers, chanting "President Hoover, he's a Bum" to the old I.W.W. tune. However, the authority of Waters, who is in supreme command of the B.E.F., seems seriously threatened by the more radical members of his organization, who demand more drastic action, though in view of the fact that Congress has adjourned, it is doubtful what this drastic action could be. Reynolds, the crippled veteran who led the "death march," has announced that the army will hold their lines until 1945, when the final payment of the bonus will be automatically granted; and the older citizens of Washington, remembering 1894, when Coxey's army settled down on their city for seven months like a swarm of locusts, have received the threat with fear and trembling.

THE police of Nassau County, New York, have just been guilty of a peculiarly revolting murder. Those are plain and ugly words, but the facts are equally plain and equally ugly. Hyman Stark, a New York gunman, was arrested on suspicion of having participated in the robbery and beating of a sixty-four-year-old woman who happened to be the mother of a Nassau County detective. He was given the third degree and beaten so badly that when, at last frightened by his condition, the police took him to a hospital, he died twenty minutes later. His life might have been saved if the physicians had known that his larynx was fractured, but the police who had beaten him until he was dying either did not know this or deliberately refrained from communicating their knowledge, perhaps in order that he might not live to tell the story of the horrible punishment he had received. Newspaper photographs of his body show him to have been a mass of bruises almost from head to foot. The case has aroused much indignation, and the usual expressions of hope that it may mean the end of the third degree. Nothing is more certain than that it won't. Torture is habitually used by all the police of New York and surrounding territory, just as it is by police all over America. For one case of a Hyman Stark, there are a hundred others where the victims are beaten and nobody ever hears of it. As Ernest J. Hopkins shows in his brilliant study, "Our Lawless Police," the third degree can only be abolished when there is strong public sentiment against it and a high *esprit de corps* is built up over a period of many years within the police department itself.

The Franco-British Accord

IN A FLURRY of diplomatic statements, denials and explanations, the Franco-British "gentlemen's agreement" and "accord" have become so confused that it is impossible to know what, aside from the evident meaning of the written words, either document portends. In spite of all the uncertainties, however, it may clarify the subject a little if we can decide which doubts make little difference and which ones are important.

Mr. Hearst and his pack of excitable debt-hounds have of course seized the occasion to make a great clamor about a supposed united front of the Allies to defraud the United States of justly due debt payments. There is nothing in the "gentlemen's agreement" to justify this ululation. The agreement indicates merely an intention on the part of each nation not to ratify the Lausanne treaty about reparations until it has satisfactorily adjusted its debt to the United States. The suggestion of the "united front" arose from the other document—the "accord" which mutually pledges France and Great Britain to consult one another before taking action in the European situation.

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Premier Herriot is reported to have said that this included debt settlements; British spokesmen officially denied that interpretation; and French spokesmen acquiesced in the denial. We may perhaps doubt the denials, which occurred after senatorial indignation arose.

But whatever the truth concerning this matter, the doubt is not important. If the Allies were to improve their bargaining power on debts by refusing to make separate agreements, or in any other way, the result would be happy, not only for them, but for international economic stability and hence for the United States. The war debts must be substantially reduced, just as reparations must be canceled, before anything like a healthy situation can exist in regard to international balances of payment, gold movements and the like. Since American statesmen and the popular daily journals seem incapable of understanding the economics of the matter, and insist on making it an affair of national honor, in which the last possible pound and franc are to be exacted regardless of the effect on employment and prosperity, the greater the bargaining power of the Allies is, the better it will be for all concerned.

Likewise, the effect of this doubt on reparations is unimportant. No more reparations will be paid, regardless of the settlements to be achieved about war debts. The best sign of the fact that the Allied statesmen know this is that no provision was made for dividing among the countries concerned the final German payment set up in the Lausanne treaty. Division of the spoils was the great issue in all previous negotiations about this dispute; it was always the main obstacle to success. The statesmen have not even tried to divide the spoils this time, because they know there will not be any. The "gentlemen's agreement" is merely a pious gesture to satisfy the public and politicians of the Allied nations, to reassure them that the booty from Germany is not to be surrendered without making every possible effort to reduce the war-debt burden.

Reparations are in fact ended; the only desirable consideration is to formalize their end as quickly as possible in order to get on to other tasks. We must now make haste with the debt settlements in order to remove from the international muddle the difficulties arising from both reparations and debts. If, due to the stupidity and timorousness of politics in the United States at present, we must wait until the election in November, and then wait until the inauguration in March, and then have long and acrimonious negotiations before settlement arrives, it means at the very least that we must wait another year for this small first step toward world recovery, and perhaps also that any action taken will be too late to prevent a far worse collapse than any which has yet taken place.

The "united front" vis-a-vis the United States may not exist; if it does exist [illegible] minded community. [illegible]

in so far as it strengthens the hand of Europe in reaching a workable solution. Unfortunately, almost everything our government has done in the matter has merely been to blunder into greater and greater injury to all concerned. There is no sign of any more sensible behavior in the future.

But what about the Franco-British accord in regard to strictly European affairs? Why was it formed, and to what kind of action will it lead? This is an aspect of the matter to which American opinion has given almost no attention, but which is of far greater importance for good or ill than the relation of the agreement to the debt question.

The origin of the accord may be guessed with a fair amount of assurance. In agreeing to forgo reparations, French statesmen gave up the bargaining weapon which they have been flourishing over Europe ever since the War. In surrendering reparations they surrendered nothing of real importance, because they could not collect any more, but in surrendering the right to keep the reparations issue open, they gave up one of the most important pawns of diplomacy. French statesmen are not in the habit of giving something for nothing. What did they get in return? At first, one was inclined to suspect that they got something from Germany in the way of an economic agreement among capitalists and industrialists, or possibly an understanding aimed at Russia. Perhaps they did. But a new accord with Great Britain would be regarded in France as a very substantial gain indeed. A promise not to act before consultation, even if there are no unpublished terms beyond this, effectively ties Britain's diplomatic hands. It forestalls any unforeseen move on her part to support Germany or Italy, or any other Power which France may for the moment oppose.

The outcome of joint action on the part of these two Powers, still the strongest in western Europe, is momentous indeed. If we assume that they will agree upon a course of policy calculated to allay political disputes, remove trade barriers and restore financial confidence, the benefits may be great. If, on the other hand, this is to be a renewal of the old *entente cordiale,* a device to influence the balance of power and to seek exclusive interests rather than intelligent action in behalf of the European community as a whole, the consequences may be correspondingly evil. Even if all that results from it is disagreement, due to continuance of a nationalistic policy on the part of France and a wider interest in economic recovery on the other side of the Channel, its effect in checking the possibly moderating influence of Great Britain will not be happy. The British Conservatives have, ever since the War, been prone to fall into the train of an obstructive French policy rather than to seek the necessary modifications toward an international [illegible]

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that the obstacles preventing reductions of armament have increased since the making of the accord.

We must wait for further indications before we know which tack the new alignment is to take. But in any event, it is the European not the transatlantic implications which should concern us. A Europe in which France and England are at last prepared to act in concert on an enlightened program of reconstruction is a Europe for which there is some hope; a Europe in which they will act for hidden purposes of self-aggrandizement is one which cannot be saved before war and revolution have worked their ordeal of purification by fire and sword.

Selling Life Insurance Short

WHEN ALL other sources fail or have been exhausted, when there is still no job in sight, and when the stomach, unmindful of conditions, continues to demand three meals per day, recourse must be made to the last source of aid, that is, to insurance.

Over three billions of dollars are outstanding at present in loans made by legal-reserve life-insurance companies in the United States to policy holders. This constitutes about three-twentieths of these companies' total assets and about one-fourth of their liquid assets. The danger of this high and rapidly increasing loan figure, however, relates far less to the insurance companies than to the policy holders, their dependents and beneficiaries, and to the public as a whole.

The larger insurance companies are well equipped to take care of the cash demands on policies. They do not like to see loans mounting, of course. They know very well that a loan on a policy is the first step towards surrendering it, and surrendered policies mean decreased premiums and decreased business. But the financial position of the larger insurance companies is not seriously threatened by these loans. It is rather the financial position of policy holders that is endangered by continuously increased borrowing, for they run the risk of losing their policies altogether.

Loans on insurance represent the current cash value of the policies deposited as collateral. The coverage provided by these policies is, of course, greatly in excess of their cash value. For instance, a $20,000 policy having about ten more years to run may have at this time a cash or loan value of only $1,200, the coverage in this case being more than eight times the present accumulation. There are no statistics available as to the amount of coverage that is represented by the policies employed as collateral on the three billion dollars of outstanding loans. But the figures might be estimated as follows: The total coverage in the United States amounts to $109,000,000,000, against which there are assets of over $20,000,000,000, or a ratio of approximately five to one. Assuming that the same ratio applies to policies employed as collateral—most insurance men would consider this a very conservative estimate—the coverage of policies on which loans have already been made would amount to at least fifteen billion dollars.

As long as the borrowers of the three billions can continue to pay the premium on the policies and interest on their loans, the insurance will continue in force and all will be well. It is highly problematical, however, in view of existing conditions, whether they can continue these payments for any length of time. In some instances it is even doubtful whether it is advisable for them to do so.

The people who buy insurance without a doubt represent the most conservative element of our population. Although insurance offers some good facilities for investment, its primary purpose is that of security, and the people who buy it do so primarily because they seek security against destitution in their old age or security for dependents in case of their own death. This purpose makes insurance something sacred to the average policy holder. He will not touch it except when everything else has been tried and failed.

In normal times insurance loans are occasionally resorted to in a ticklish financial situation where the difficulty is considered a temporary one and where the outlook for paying off the loan is at least fair. In the last quarter of 1929, insurance loans were drawn upon heavily either to support vanishing margin accounts or else to buy bargains in stocks which supposedly offered large profits. Either case was regarded as a fleeting emergency, and there was no doubt in the borrower's mind as to his capacity for paying not only the interest and premium, but the principal of the loan as well. Subsequent events have proved this assumption to be wrong, but there was some justification for it at the time. There are no such assumptions at present. Despondency is the rule. When people borrow on their policies nowadays they do so because they are both desperate and destitute. Such loans are used to buy food and pay the rent. How, then, can they expect to meet the premium and interest, to say nothing of the principal?

If the interest and premium are not paid, it means that the policies will be lapsed. In some cases it is more economical to lapse the policy and take out a new one than it is to continue the old one in force. Where a policy has been in force for a number of years so that it has accumulated a cash value of, let us say, 50 percent, all of which is borrowed, the policy holder is better off to surrender his policy than to continue paying premiums on the total amount, plus interest on the loan, while retaining only half of the total coverage, since the other half has already been used up. By surrendering the old policy for what it is worth in cash and then taking out a new one, the coverage may be made for the original amount, and the new premium will not exceed the sum of the old

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premium plus the interest on the loan. This is especially true in cases where the assured is still comparatively young and in good health.

On this basis many policies are surrendered, but, unfortunately, not many are renewed. Thus, in either category, whether collateral policies are lapsed or surrendered, we are faced with the fact that the three billion dollars in loans jeopardize an insurance coverage of at least fifteen billions. Add to this the ten billions of insurance already reported as lapsed and surrendered, and we have the staggering figure of twenty-five billions, or approximately 25 percent of our total outstanding insurance, in danger of being canceled.

What does this fact mean in terms of public welfare? In the course of the next twenty or thirty years, the American public will be deprived of a potential purchasing power of twenty-five billion dollars which would have accrued over the years had the policies remained in force until maturity or until the death of the assured. It means that the onetime beneficiaries of this insurance, who are in the main women and children, will in many instances become public charges. It means that the present is ruthlessly throwing overboard for a mere fraction of its ultimate value the only security possible in the individualistic and anarchic social order under which we live. It means that this wholesale dissipation of future security will continue to the last dollar so long as people are starving.

How can this condition be remedied? Very simply—by giving, to those who need them, jobs. How are these jobs to be found? That is another chapter.

Wrecking a Continent

SINCE the depression began, fifty-seven million people in seven South American countries have violently overturned their governments. The current Chilean revolt (Chile's third revolution in less than twelve months) is a symptom of continent-wide unrest. For this, we in the United States are partly to blame. South America's troubles, to a great extent, are due to ignorant, irresponsible banking and tariff policies in this country.

Last winter the Senate Finance Committee inquired into the methods by which during the flush years of 1926-29 loans were forced upon South American countries. The most startling evidence came from two partners in J. and W. Seligman and Company, who told of paying $415,000 to Juan Leguía, son of the former dictator of Peru, for arranging three Peruvian bond issues. Apparently the only criterion for South American loans during these years was whether they could be sold at a profit to investors in the United States.

A number of highly placed Americans, including Mr. Hoover, foresaw the dangers in this indiscriminate lending. In 1928, Mr. Hoover publicly

America except for immediately productive purposes. Almost simultaneously, the Chase National Bank and Dillon, Read and Company arranged a loan for Bolivia, by which the Bolivian government was enabled to make heavy arms purchases from Vickers, Armstrong Company in England. It is absurd to say that Mr. Hoover and the leaders of the New York banking community could not have prevented this transaction and others similarly wasteful.

The panic on the New York Stock Exchange in October, 1929, put an abrupt stop to further South American lending. During 1926-29, loans from the United States had permitted South America to import foreign manufactures in great volume. Certain imported manufactures (for example, textiles and machinery) formed an essential part of the South American standard of living. The sudden cutting off of loans from the United States meant that this standard would have to be curtailed.

The South American countries, however, had no notion of the catastrophe which had been prepared for them. They sought, naturally enough, to defend their standards of living and continue the import of foreign manufactures. Since loans from the United States had become unobtainable, they sought to pay for their manufactured imports by increasing their exports of raw commodities. But in 1929-30 world markets were shrinking, not expanding. The South Americans flung their raw commodities upon world markets and prices broke precipitously.

South America was then defenseless. Nearly every country, thanks to the bankers of the United States, found itself burdened with a needlessly inflated foreign debt. South America rapidly began giving up its gold to the New York Federal Reserve Bank and within a few months the continent was sucked nearly dry. Deprived of a gold backing, South American currencies became the sport of speculators. The great figure in South American business is the commission merchant; fluctuating currencies and exchange restrictions made his life hazardous and almost impossible. Finally, in the summer of 1931, the majority of South American nations were forced into open default on their external obligations.

Governments in South America depend largely upon customs receipts and export taxes for their revenue. As these dropped off, governmental salaries had to be reduced. With this, the circle of unrest was complete. Producers of raw commodities, city commission merchants, political job-holders and army officers were united in discontent and anger. Governmental upsets were inescapable and, since 1929, revolutions have taken place in Argentina, Bolivia, Brazil, Chile, Ecuador and Peru. Peru recently had four revolutions in a single month.

Not all South American nations, of course, fit this broad pattern with exactness. Argentina, by savagely restricting imports, has managed to cling

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tempting to force increased coffee exports on the world market, has embarked on a fantastic valorization scheme which involves the destruction by burning of 16,000,000 bags of coffee, the equivalent of one year's crop. Venezuela, partly because of its intimate relations with oil companies in the United States and partly because of the spy system of old General Juan Vicente Gomez, has had no serious revolutionary outbreaks.

There was one moment in the South American debacle when the United States might have intervened with great effect. On June 25, 1931, in the midst of feverish negotiations for the German moratorium, it was announced at the White House that Señor Antonio Planet, the Chilean Finance Minister, had proposed a conference of all South American states in Washington, and that Mr. Hoover was inclined to favor a moratorium for South America. Nothing more was ever heard of this plan. Had a South American moratorium been granted, however, and had it been followed by a minimum amount of assistance from New York bankers, it might have been of incalculable benefit. Most of the South American countries in June, 1931, still had relatively stable currencies; the machinery of international exchange, although creaking painfully, was still intact. After the ill informed, planless loans which the United States had forced on South America during 1926-29, we were obliged both by sound business practice and by good morals to go to South America's aid, but we did not do so.

The tariff policy of the United States has been similarly selfish and short-sighted. In the autumn of 1929, we first shut off South American loans, compelling each South American country for the sake of its financial equilibrium to increase its exports; then, in the spring of 1930, Congress approved the Smoot-Hawley tariff. To countries like Argentina, the Smoot-Hawley tariff was a major calamity. If we had sent gunboats up La Plata River to shell Buenos Aires, we would not have caused more hardship and misery in Argentina than did the Smoot-Hawley duties on hides, casein and flax.

The present revolution in Chile, despite the rival pronunciamentos of the Socialist-Fascist Señor Carlos Dávila, and the Communist-Fascist Colonel Marmaduque Grove, differs very little from all the others which have occurred in South America during the last two and a half years. Primarily it is a protest against economic imperialism. Chile's chief export is nitrates. During 1930-31, all Chilean nitrate interests were concentrated in a giant corporation, Cosach (Compania Salitre de Chile). Before this, nitrates had paid an export tax of about ten dollars a ton, which was the main source of Chile's governmental revenue. The laws establishing Cosach, however, provided for setting aside most of this tax for the service of Chile's indebtedness to the Guggenheim interests in the United States and to certain associated British interests. General Ibañez, then President, had to make heavy cuts in the budget. He reduced the pay of the army and promptly found himself in exile.

Last August, as a result of the Laval-Briand visit to Berlin, a committee was formed for French-German economic coöperation. One of the triumphs of this committee in recent months has been the creation of a French-German chemical cartel. The cartel agreement stipulates, among other things, that France's nitrate requirements shall be supplied by Germany. The committee was absorbed in high European finance and politics; it had no thought for South America. Yet in a blow it took away Chile's most important market for nitrates—a market which had belonged to her for nearly a century.

The latest catastrophe to befall Chile is the United States tax bill which Congress passed a few weeks ago. Chile's second most important export is copper. With blind recklessness, Congress included in the tax bill duties on copper, oil, coal and lumber. On May 12, when the bill was still under consideration by the Senate, the Peruvian Foreign Minister, Alberto Freundt, declared that Peru and Chile were "engaged in a frank, open struggle with the United States Congress. The passage of the proposed duty on copper will mean the absolute ruin of both Peru and Chile. . . ."

The United States is the most powerful nation in the western hemisphere and one of the most powerful in the world. South America is dependent upon us for its development—for its machinery, its engineering skill and capital. As long as the present economic organization of the world continues, we are perhaps bound to be, in some degree, economic imperialists. That does not, however, excuse our economic frightfulness during the last few years. We have an obligation to the South American countries which we have helped to ruin. It will not be met merely by giving them more money; a country, an institution or a person in the long run is hurt rather than assisted by loans given when operating at a loss. A combination of types of assistance is needed—in some cases additional funds, in many instances a moratorium on present payments and, most of all, a reconsideration of our tariff policy to aid commerce rather than to paralyze it.

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Prospects for a Third Party

THE LEAGUE for Independent Political Action is the outgrowth of discussions carried on by a relatively small group after the election of Herbert Hoover to the presidency in 1928. (Since I have often been wrongly given credit for initiating the League, I wish to take this opportunity to say that while I gladly responded to the invitation to attend these discussions, I was not one of the originating group.) There was no optimism with respect to speedy results among those who took part in the conversations. There was no expectation of immediate success in forming a united mass party, much less of its victory in any proximate presidential election. I recall frequent reference to the early history and slow progress of the British Labor party. There was repeated mention of enlistment for at least a thirty years' war. There was, however, a positive conviction that American political life could not continue indefinitely without squaring itself with economic conditions.

In discussing the future there was agreement on the unreality of the prosperity boom the country was "enjoying." There were no believers in the arrival of a new economic era. All who enlisted were convinced that the bursting of the bubble was sure, even though they would not venture to set the date of the collapse. It was felt that when the inevitable reaction came there would be a change in the political atmosphere toward one much more favorable to the propagation of political ideas based on economic conditions. The stock-market crash of 1929 came even sooner than was anticipated, and there is no need to say that it has been followed by a revival of political doubts and questionings on a large scale.

We were and still are amateurs in what is called "practical politics." But we can console ourselves with the assurance that we were at least realists. There was no mere sentimental ardor, as there were no false hopes. There was no discussion of utopias and millennia. No time was given to remote goals and abstract ideals. There was not even the emotional aura which usually attends the efforts of "reformers." There was rather a sense of necessity; first of the necessity of economic change and then of the necessity of corresponding political change.

I engage in this brief reminiscence because it seems an appropriate introduction to saying something about the impressions left in my mind by the recent annual conference of the League in Cleveland. In our original meetings, when the prospect of a future industrial overturn was mentioned, it was stated that our movement must not be based upon the temporary discontents which every depression brings with it. We recalled that all prior political revolts which built upon contemporary depression had been short lived, melting away before the rising sun of returning prosperity. It was decided, accordingly, that the League's educational work should go deeper than an attempt to pool discontents, and would not surrender to temporary expediency for the sake of attaining a quick mushroom growth.

What happened in the Cleveland meetings was wholly in line with these earlier convictions. There are probably at least twenty different political revolts in the country at this particular time, each one based on discontent, and each one seeking a cure-all through some particular measure. There is no doubt that the disgust with the Republican and Democratic parties is enormous. The Cleveland conference was successful beyond our most sanguine expectations in demonstrating that the revolt is beginning to have teeth, and also that the public mind is not now looking for special panaceas and vote-catching devices, but is searching for fundamental causes and fundamental remedies.

The extent of the interest in the kind of a new party alignment was made evident by the attendance of delegates and members who came from far and near; by the large local audience of representative men and women who crowded the hall and who sat with serious attention through sweltering hours. It was shown by the change in the character of newspaper publicity, in quality as well as quantity. Before, during and after the meetings, the conference "made" the front page, and it even received serious and friendly attention on the editorial pages of the old-line party newspapers. In spite of the radicalism of the platform adopted, it was welcomed as likely to have a future influence on the old parties, even though a new party was denied all chance of success. Yet it was only a short time ago that the League received either perfunctory or else contemptuous notice. There can be no doubt of the change in the tone of public political sentiment, nor of the great revival of interest in the economic aspect of our politics.

All intelligent observers have been aware for a long time of the growing indifference of voters to the old parties as parties. The heavy vote for Hoover in 1928 was, if the managers of the machines had only known it, a sign of this indifference and even disgust. Only the most indurated partisans have claimed in the last few years that there is any significant difference between the Republican and Democratic parties. The Democratic Convention at Chicago went through some of the motions of trying to convince the people that there was to be a difference in the future. There were at

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the conference signs of a disposition on the part of disgrunted agricultural elements to support Roosevelt for the sake of expressing their intense resentment against Hoover, but even from these sources came also reports of their intention to steer clear of the Democratic party. The earlier passive conviction of the essential similarity of the two parties is turning into something like a positive hatred of them, if indications at the conference are to be trusted. They are not held directly responsible for the depression. But they are held responsible for dodging the issues which it has raised and for their desire to carry the election by diverting attention from actual issues.

One rather curious cause of the great change is worth mentioning, for while trivial in itself it is important as a sign. The radio brought with it political enlightenment in an unexpected form. If party managers had wished to take the voters of the country into their confidence as to the irrelevance and trickiness of the methods by which they select candidates and form their platforms, they could not have devised a method equal to putting on the air the proceedings of the last two national conventions. They disclosed in an effective way the dearth of ideas, the total unconsciousness of even the need for any ideas, and the deliberate dependence upon the silliest and most stereotyped emotional appeals. Even the newspaper organs of the old parties were compelled to join to some extent in exposure of the ways by which these parties have managed to influence public opinion in the past. The episode was of tremendous influence in converting passive indifference into active indignation.

The conference bore out our earlier belief that the inevitable economic reaction would create a political change. But it also bore out the conviction that there would be demand for political measures which were neither panaceas nor quack remedies. The discussions and the platform stuck resolutely to consideration of basic economic causes and remedies. More than one promising new movement in politics in the past has been blighted by having its deliberations captured by extremists who were more emotionally hot against abuses than intellectually informed and balanced. This element was not wholly lacking at the conference, and Mr. Devere Allen, the presiding officer, did not employ a steam roller to run over them. But while its representatives succeeded at times in prolonging discussion, they left no permanent impression on the deliberations. If anything, the conference leaned over backwards in omitting all appeal to temporary expediencies. There was, for example, universal discontent with the way in which the banking, money and credit problems have been handled by the administration, but a resolution in favor of inflation was voted down, not because the need for controlled inflation was not felt, but lest it give encouragement to the also that the debtor class, especially the farmers, were suffering unjustly from the maintenance of fixed charges while the price level was lowered, but the resolution on this point was carefully safeguarded. These actions would be misinterpreted if they were taken to mean that the conference did not believe in radical measures; it only wanted to be sure that measures adopted were sound and not transitory vote-catching devices. And if I can interpret its sentiment correctly, this attitude was definitely political in nature. It was felt that the prospects of an enduring third party would be favored only by dealing with causes rather than with symptoms. This feeling was, I should say, the thing which most marked the meetings in distinction from abortive new-party movements in the past.

Nothing won more spontaneous or greater applause in the conference than the condemnation of the two old parties for "subordination of urgent economic issues to the liquor question." This fact does not mean that the delegates were predominantly Drys; many of them will vote personally for repeal of the Eighteenth Amendment. But it does mean in my opinion that from now on there will be increasing resentment of the tactics of the managers of the old-party conventions in trying to put the liquor question ahead of industrial and financial questions, and in giving the impression that the repeal of the Eighteenth Amendment is to occur soon and will, by some miracle, restore prosperity. There are many who are Wet on prohibition as a separate issue who are still sober in judgment, many more than formed the booing galleries of the Chicago conventions.

The directly practical deliberations of the conference gathered about what is to be done in bringing a united third party into existence. There has been pressure within the League for action in the presidential campaign of 1932. There were those who felt the time had come for immediate action and that failure to take it would lead many to turn away from the League with the feeling that it does not mean business. But the opinion prevailed that the groundwork of such action had not as yet been laid, and that in the coming presidential election the Socialist platform and the Socialist candidates, Thomas and Maurer (the latter having been a vice-chairman of the League since its inception), came sufficiently near to representing the aims of the League to justify urging its members to work and vote in this campaign for the Socialist ticket. A resolution was unanimously adopted asking that a call be issued early in 1933 for a joint congress of all independent groups to bring the united party into positive existence. The executive and national committees of the League were instructed to make out a list of candidates for Congress outside the Republican and Democratic parties who should be aggressively supported by the League. There was

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could be sent to the next Congress, there would be a definite stimulus given to insurgents within the old parties to withdraw nominal allegiance and come out openly for the new party.

In the past the greatest strength of the League has been in the professional and white-collar classes —which, as Paul Douglas pointed out at the conference, are essentially identical. It has consisted of teachers, clergymen, social workers, physicians, engineers, newspaper men, office workers, to a greater extent than manual workers. There were encouraging signs at the conference of a broadening of its scope. The limitation was never intentional, but came about because those who initiated the movement had their contacts more particularly in this field. No speeches had a warmer reception than those of A. J. Muste of the Conference for Progressive Labor Action and Mr. James Dick, an eloquent and militant textile worker from Connecticut. There were many reports of the increasing tendency of local unions to break away from the official policy of the A. F. of L., in order to undertake independent political action. Many labor people are coming to believe that aggressive political activity is the only assurance against disintegration of organized labor in the industrial field.

The one discouraging aspect of the outlook has already been referred to. Some of the important leaders in the Farmer-Labor party are about to come out in support of Roosevelt for President. There is a tepid belief in his liberalism, an intense belief in the desirability of beating Hoover and a willingness to adopt almost any course which promises that result. One of the practical tasks of the League in the coming campaign will be to convince the agrarian element of the suicidal character of such a policy. I think the members of the League yield to none in distrust of President Hoover and his policies. But the idea of supporting Roosevelt and yet not adding to the strength of the Democratic party is a hopeless one. The hope for the future is such a demonstration of the weakness of the Democratic party and the strength of the liberal element as will send conservative Democrats into the Republican party where they belong, and will bring progressive Democrats into a new party which will undertake a genuine attack on special privilege and a genuine defense of the common people by means that are adapted to present economic realities.

I have often been discouraged at the prospects of successful political action through a new party based on recognition of economic realities and devoted to social control of rugged, that is, brutal, economic individualism. I conclude by saying that I came away from the Cleveland conference more encouraged than at any time in the past. The constituency is waiting; the response is waiting. Work and organization are the agencies needed to effect the creation of a strong new party which will, moreover, quickly become more than a party of mere protest.

JOHN DEWEY.

Detroit: City of Leisure

THE SUN is hot on the fresh green of Grand Circus Park, but the wind that combs through the leaves of the trees and shrubs has a smack of the north woods in it. All around, the windows of the skyscrapers of the boom town stare out with dusty vacancy at the summer afternoon. Unemployed men lie out on the grass in a hundred helpless attitudes of sleep. Nearly all of them spread out newspapers before they lie down; got to keep that suit decent as long as possible. On the benches men sit talking unhurriedly, all the time in the world. Around the livelier benches groups stand, listening in; occasionally someone from the back pops off with a remark. Towards the eastern end it's more shady and the crowd is thicker; there are Daily Workers and Labor Defenders for sale; in an easy well pitched voice (the traffic isn't so thick in the street behind him that he has to yell) a young man with a touch of an Italian accent is making a speech:

> If a lot of fellers go to walk through the woods, through real heavy woods, they'll all walk in single fl... 't th... ? Well, suppose they walk an' walk an' brambles an' then deep swamp an' then no trail at all maybe; by an' by one feller yell out to the guys in front, "Where the hell you boys leadin' us?" An' then they all begin to worry an' think maybe they've lost the road. Well, the American workin' class is just like that. Everybody say, "Step along, Johnny, keep in line, pretty soon we have prosperity." But the trail get worse an' worse. Pretty soon we got to ask, where the hell are they leadin' us to anyway? You bosses lead us into the swamp; our turn to lead the way now.

Behind some bushes two perspiring bandylegged Germans are having a private argument. "These here Reds they say a voman she just as good as a man, thot's foolishness." . . . "Sure she is, comrade, sure she is, if she does a man's vork she ought to get a man's vages." . . . "But she can't do the vork so good." . . . "Sure she can, look here, ven you go huntin', you take along a male dog and a female dog, one no good without the other." . . . "I don't know nutten about huntin', what I say is voman's vork not worth man's vages. Vomen ain't no account." . . . "But, comrade, just for the sake of the argument, suppose you did go huntin'. You'd take

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"Thot's all foolishness, never go huntin'," the other man muttered as he walked off red in the face.

Closing up Fisher Lodge, the giant emergency flophouse conducted in one of the unused buildings of the Fisher Body plant—officially it was closed through lack of money, but actually, I was told on good authority, because the homeless men living there were getting too interested in their forum and the place was getting to be a "nest of Reds"—has turned several thousand workless men out onto the streets and parks of Detroit. They are everywhere, all over the vast unfinished city, the more thrifty living in shacks and shelters along the waterfront, in the back rooms of unoccupied houses, the others just sleeping any place. In one back lot they have burrowed out rooms in a huge abandoned sandpile. Their stovepipes stick out at the top. All along the wharves and in the ends of the alleys that abut on the waterfront you can see them toasting themselves in the sun, or else patiently fishing. A sluggish, drowsy, grimy life, of which Grand Circus Park is the social center and the One Cent Restaurant operated by some anonymous philanthropist on Woodward Avenue is the Delmonico's. In the evening they stroll up and down Woodward Avenue and look at the posters on the all-night movies and cluster around medicine shows and speakers in back lots where you hear the almost forgotten names of old-time labor parties like the Proletarian party and the Socialist Labor party. One man was trying to sell to a large but unmoved crowd a parlor trick by which, if you can find a man who has a dollar bill to start with, you can make a quarter and have the pleasure of putting one over on him besides. You get him to wrap his dollar bill in various different-colored sheets of paper and then bet him a quarter you can make it vanish. You unwrap the papers and hey, presto, instead of the dollar there's seventy-five cents in change. A man yells from the back of the crowd, "Hey, buddy, where do you expect us to get the six bits?"

In a blind pig a newspaper man is talking. It's cool and dark in there at the small tables. The radio roars so loud it blows the foam off our beer. We get the radio turned off so that we can hear the newspaper man telling what isn't in the papers. "Here's a story that keeps coming in that we don't dare touch. A bunch of men, sometimes forty or fifty of them, go into a chain grocery store, usually the store where they're accustomed to deal, and ask for credit. The clerk tells 'em the business is on a cash basis. Then they tell him to stand back, they don't want to hurt him, but they've got to have some groceries. They take what they need and go off quietly. In the case I'm thinking of, the clerk didn't phone the police, he phoned the general manager. The general manager told him he did right, the less anybody heard about stuff like that the better."

"You mean if others heard about it, they'd get the same idea?" The newspaper man nodded.

We drive out through miles of partly built-up subdivisions. Ten miles out we are still within the skeleton of streets and avenues. In a roomy suburban house like the houses that have filled the boom developments of every other American city, there's gathered a group of people with the standard clothes and faces of the white-collar class. We sit around sipping California wine and gradually, unhurriedly, talking. What are we talking about in this early summer evening? About a moonlight steamboat ride being gotten up to raise money for unemployed relief, about Soviet Russia and about the style of revolution we shall have in America. Somebody brought up the Red terror. "Well if you're using force, you're using force," said a sweet-voiced woman in a pale-blue dress. "And when they're changing the social system, I guess they'll have to use force. Ford's service men are using force all right."

Some old radicals have organized a communal boarding house in an old brick dwelling near the river that used to be Detroit's House of Mirrors. Upstairs the rooms are fitted up with cots, on the ground floor there's a social room where you can read or play pinochle or checkers, in the basement there's a thoroughly organized kitchen and lunchroom where you can get meals for five cents or ten cents, according to the state of your brokeness. I ate a darn good meal there. The kitchen was clean and the food fresh. The secret of their success is that they never buy any provisions. They keep track of stores and markets that can't sell their surplus and bum it. If a dealer gets in an extra large shipment of onions, say, they keep an eye on it, and if they don't seem to be selling, manage to bum a case or two off him that otherwise would spoil and have to be thrown out. These men understand that in a depression caused by overproduction of goods, no one need starve if he'll organize with his fellows and forget about money. One said he was living better now than he did when he worked.

There was nobody in the entry of the huge new office building, nobody in the elevator going upstairs. The lawyer sat and talked to us from behind his wide glass-topped desk, now and then glancing out the window at the sunny back lots, the street where crowds moved slowly, the ranks of automobile tops like dominoes face down. "I don't know what it is," he was saying, "but something is happening. I used to be a union worker and a radical and all that when I was a kid, but it's something different now. None of the political parties catch it, nobody believes in the old parties and the Socialists and Communists don't fit in somehow. In the men out of work, in the crowd everywhere, I can feel something I can't explain, something that's going to burst out. It makes you want to give up everything you've been working and hustling and sweating for, this kind of life at a desk, and go back where you came from, where you belong, with the men on the

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street. It sounds goofy and I can't explain it. It has something to do with these men on the street, laying around in the parks, what are they going to do when they get so they won't stand for it any longer? . . . The only trouble is I've got four families to support."

"Well, you can always look on, you can observe the show."

"I can't. I've been a man of action all my life. I'd be in on this now if I only knew what was happening."

Out in the Rouge Plant colored men are all the time washing the windows. A collegiate-looking young man takes visitors through. From the primal cell of the magneto they follow the new V-8 motor along the line until it's complete, then follow the chassis through from its first appearance as a cast-iron wishbone, through the big climaxes of its junction with the motor and then with the body, until they see the new glistening insect crawl off the end of the line under its own power.

A whistle blew and the men knocked off for lunch. "A half-hour for lunch," says the collegiate young man. "He's lying, they only get fifteen minutes," whispers the man next to me. The men have slumped down in their tracks and are eating their food with bent heads, no laughing or talking. The visitors are piled into a bus and safely deposited outside the main-office gates.

Back in Grand Circus Park men lie out asleep in the morning sun or else sit talking drowsily on the benches. A man's auctioning off Daily Workers, groups are arguing. In one group a middle-aged round-faced Negro with bright eyes is trying to convince a lantern-faced yellow boy with gold teeth. "Lemme reason with ye, lemme reason with ye," he keeps saying. They are arguing as to whether the workers could run the banks. The yellow boy keeps saying no, they don't know enough, I don't know enough, you don't know enough, nobody that ain't a banker knows enough. He keeps trying to get away. The older man has hold of the lapel of his coat. "Look here, boy, lemme reason with ye, lemme *rea—reason* with ye."

At last in desperation he kneels down on the pavement and draws two sides of a triangle with his finger in the dust. "Look here, boy, this here's one foot and this here's one foot, ain't it?"

"Mebbe," grumbles the yellow boy.

"Well, we'll jus' 'low that it is." . . . "Well, you don't know how long that third side is?" . . . "No, nor you neither." . . . "Well, that don't mean that nobody don't know. See what I mean? That don't mean that nobody don't know."

JOHN DOS PASSOS.

A New Deal for America

IV: *Survey for a Third Road*

THE ROAD to violent revolution, as I tried to show in a previous article, is blocked. The road to business dictatorship has mud holes and soft shoulders. Other nations may follow one or the other in the next few years, but hardly the United States. We turn to the third and last road: the drastic and progressive revision of the economic structure, avoiding an utter break with the past. It must entail collectivism pushed at last to control from the top, but control over landmarks with which we are reasonably familiar. It may entail a temporary dictatorship; I do not know. But it will not tear up customs, traditions and behavior patterns to any such extent as promised by either the Red or the Black dictatorship.

At first glance the route is pedestrian. It lacks the drama of the other two. It has less emotional appeal. The element of a new religion, found in Red revolution, is absent, or at best diluted. It is less clean cut, direct; less open to formulation in terms of resounding slogans. Here men will not find relief from the arduous processes of thought by taking refuge in the arms of dogma. It is more complicated in theory than its neighbors, more exacting in intellectual effort. For that reason it may be psychologically more difficult for the wayfaring man to follow. Again, I do not know. The psychological difficulty of making either Communists or Fascists out of American locomotive engineers, electricians and bookkeepers is considerable. The third road has the advantage of cultural lag, of maintaining many accustomed habit patterns, and I am inclined to believe that this is a more impressive psychological asset than even the dramatic simplicity of the Red and Black creeds.

Here is a nation of some seventy-five million adult citizens, conditioned to certain habits, certain ways of thinking. The economic system they have known is collapsing under them. They are bewildered, afraid. A majority is perhaps already convinced that extensive revisions are in order, but if those reforms put them back where they were in 1928, many would ask no more. With a good job, a new car, a television set, the mortgage reduced, the life-insurance policy paid up, and money in the savings bank again, life would seem almost too good to be true. The majority of men, like all animals, live from day to day. But an intelligent minority was not satisfied with 1928, and, considerably augmented in number, it will not be satisfied

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with anything short of a definite measure of economic security in the years to come. It has grasped the paradox of plenty; it knows that the problem of production is solved, and distribution is now the challenge. The scars of the depression will outlast any return to an era of "prosperity," furrowed with technological unemployment, monotony and a meaningless twiddling of jumping-jacks. This, if it be large enough, is the group which counts. Far short of a majority, it can carry the mass along, if only it be convinced where to go. Four people out of five with whom I talk today are expecting fundamental changes. Before the ravages of deflation cease, I believe that the numbers of the intelligent minority will be sufficient to sway the inert mass.

The scientific attitude in industry has made enormous strides since a certain young man named Frederick W. Taylor began to observe laborers unloading pig iron, stop watch in hand. This is something quite different from commercializing a new invention. It involves a whole new conception, almost a new philosophy of energy applied in space through time. Out of it has grown the science of management, the new industrial revolution and the magnificent techniques of the last decade. It applies not only to machine energy but to man energy, to office work as well as factory and construction work.

At the control switches of the nation stand perhaps one hundred thousand technicians—engineers and operating managers—responsible in the last analysis for the food and the very lives of one hundred and twenty million people. If they should all desert the controls for as much as a few hours, we should be done for. These men have an altogether realistic perception of cause and effect. They must have. Neither mysticism, political rhetoric, nor contemplation of the navel will get kilowatts out of Niagara. Increasingly they are becoming aware of their importance in the scheme of things. I have talked to scores of them who already know what an economic system is for.

The scientific attitude tends to color the minds of engineers, industrial managers (not owners), professional men and women, skilled workers, particularly machinists and electricians, teachers, particularly in universities. In addition, the general run of educated people, whether in business, agriculture, government service or in the home, have consciously or unconsciously absorbed a certain measure of it. The phenomenon grows daily; how strong it is we do not yet know.

Many of these people have at least three serious grievances against the prevailing economic system. At the present time it is impoverishing and shaming them. In the best of times they have no abiding sense of economic security. They are not satisfied with capitalism as a way of life, frustrating as it does their integrity and canons of workmanship. I recently met a petroleum engineer who all but wept when I told him that in Russia the geological integrity of a pool of petroleum was respected, and no scientifically to extract the oil—*all* the oil. He had been giving his life to thwarting this principle, and he resented it. Lastly, these people have a dwindling respect for the American plutocracy. Their present resentment is bitter and profound. Wall Street has burned their fingers, the great "public" utilities they are convinced are gouging them, their lack of confidence in the banking fraternity is as ominous as it is warranted.

Turning to the class from which revolt normally emerges, we find an inexplicable lethargy, at the most a sharing of middle-class discontent. Suppose the outlines of the traditional class struggle refuse to sharpen? Suppose labor refuses to recognize and idealize itself in terms of an exploited proletariat, despite the midnight oil of Mr. Michael Gold? Suppose the circumstances of machine production have blunted the edges of the traditional antagonism and, as the automatic machine process grows, promise to dull them even more? Then we can expect no blazing torch in the hand of labor as such. Labor will follow but not lead. The torch must be borne by another class, one hitherto unknown to history: the men and women who have grasped the hand of science. It is true that the latter have not quite so much bread and butter at stake as have manual workers; it is also true that their spiritual revolt against capitalism as a way of life is more poignant. If their imagination is able to grasp the possibility of an objective, scientific control of production and distribution, no opposition by investor and politician can long prevent them from taking the third road.

My contention is that the intelligent minority, whether or not it is destined to become a new economic class, will now permit more change than at any time since the Republic was founded—excepting for a few months during the War—and that is a good beginning. It will swing to the left, but only for a certain distance. That is enough too. When we reach that signboard, it will be time to explore the next section. The great difficulty at present is that the intelligent minority does not see the first section with sufficient clarity. "Economic planning" is still a reasonably muzzy phrase. The function and meaning of profit are far from clear in most people's minds, yet they are of cardinal importance in any economic reorganization. Suppose that we try our hand at a preliminary analysis.

Critics contend that the problem of distribution cannot be solved without abolishing the "profit system." Anything short of this is idle patchwork and predestined for failure. The tories contend that, without the incentive of profit, capital would not accumulate, business men would lose interest in their work, progress would be impossible, standards of living would not advance. This, I suppose, is the deepest bone of contention between socialist and capitalist.

There may, it appears, be profits and profits.

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only grease for the bursting paunch of the profiteer. To the Manchester School, they meant the holy gunpowder of industrial progress. To the Gosplan they mean a necessary element in balancing the state budget, and a valuable industrial incentive. To an accountant they mean the difference between total income and total operating costs. In a society where money is used, no economic enterprise can continue indefinitely without keeping income safely above outgo. If costs cannot be met, workers cannot be hired; the enterprise must collapse. Even where, as in Russia, the profits of one group of industries may be used to subsidize losses in others, if aggregate costs exceed aggregate income for a sufficient period, the whole system will break down. Inflation may keep it propped up for a time, but a day of reckoning must come. So considered, profit is the life blood of the economic system—of *any* economic system using money. If costs in terms of money exceed income in terms of money, the red figures are so many danger flags, indicating a fundamental maladjustment between production and distribution.

It follows that there are two kinds of profit: *social* profits and *private* profits. In the first, the margin between income and outgo is checked back to the community; in the second, to the individual. Furthermore, there are a variety of both collective and individual profits.

A state-operated enterprise can transfer its profits to the general state budget, or use them in whole or in part for its own expansion. Russia employs both procedures—part of the profits go to the state, part to local expansion and reserve funds, part to management and workers.

A privately operated enterprise can give all its profits to an owner-manager, the classical entrepreneur. Or it can give them to a group of absentee owners who know nothing whatever about its management—the typical method in large corporations. Or it can build up huge reserves for expansion, allowing stockholders a "conventional dividend"—a growing fashion in the Western nations. Or it can share profits with management and workers. A coöperative society is required by law to divide its profits among its customer-owners, thus in effect furnishing them their goods at cost.

Socialized profits have proved effective in Russia, and in many great coöperative societies. Private profits proved effective in stimulating entrepreneurs during the nineteenth century, but in the last generation, distribution to the absentee owners of great corporations has proved equally, if not more, effective in the case of an impressive number of concerns. The displacement of the entrepreneur by a salaried management has in itself exploded the classical argument. The function of profit, the classicists claimed, was to make the individual more efficient in conducting his enterprise. How much conducting of the United States Steel Corporation do you do when you buy one hundred shares at 25, hoping a double bottom has at last been reached? If you remember it, you may fill out a proxy once a year, giving your vote to a group of gentlemen you never heard of. Great corporations are drifting perilously close to Russian state trusts, save that some of the profits go to the state in one case, and to an ever changing group of inert stockholders in the other.

Profits, the safe margin between income and outgo, we must have. Profits for the entrepreneur have already been proved unnecessary over a large area of corporate enterprise in Western nations, particularly America. Profits for stockholders are essential to the present business system, but they serve no function in stimulating the managing ability of the stockholders, and it is probable that a "conventional dividend," if regularly forthcoming, would keep them quiet to eternity.

An economy of abundance could pay that conventional dividend of 5 or 6 or even 8 percent, when it was earned, and never seriously feel the strain. If we were organized on a functional basis, with major wastes eliminated, we could pension stockholders to squander or sleep their years out, if we so elected, and have plenty left to go around. The *justice* of any such arrangement might well disturb us—but that is another story. The point is that the payment of profits at a reasonable rate on the going technological value of the enterprise would not break the back of a functional economy. Dividends in the 1920's amounted to about 5 percent of the national income. If a functional economic system doubled that income, as it readily could, the dividend tax, while amounting to six or eight billion dollars, would not be insupportable compared with a total income of say two hundred billions. We must remember, too, that a fraction of the total dividend payment is, in the case of many small corporations, the equivalent of salary for active management.

What must cease before the problem of distribution can be solved is the shower of monkey wrenches thrown into the mechanism by vicious and wasteful methods of getting rich. The lure here is sometimes operating profit to be sure, sometimes speculative profit, sometimes a financial squeeze play, sometimes a straight hold-up. If you lump all of these disturbances under the general title "profit system," the critic is perfectly justified in declaring that it must be eliminated before economic advance is possible. No society, particularly a highly specialized one, can stand the continuous impact of such blows. A luxury class it can support, if it must, but not a chaotic menagerie trying—and mainly failing—to crash the luxury gate. The failures cause even more damage than the successes.

You see, the time has come when it is quite within the bounds of realism to conceive of the great essential industries—railroads, coal, steel, power, oil and others—operated just as efficiently by collective authority as by private. Precisely the same sort of management at the same salaries can be hired for either set-up. Management, rather than

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ownership, is today the acid test in these enterprises. Here, for instance, is the largest corporation in the world running the railways of Germany with a capital of $6,000,000,000. The government owns the common stock, but the company operates much like the American Telephone and Telegraph Company. Responsibility rests solely on the management. It can sue and be sued, hire and fire, borrow money on its own credit and risk. It is free of civil-service restrictions. If profits are made, the state takes a share of them; if losses are incurred, the management is presumably discharged.

Suppose the railroads of the United States were consolidated into one great operating system with duplications and competitive wastes eliminated. (We started to do it once in 1918.) Suppose the United States government owned the common stock, while preferred stock was given to all present holders of railroad securities based on real technological values. Suppose this corporation proceeded to run the railroads as an independent unit like the German corporation, the management drawing salaries commensurate with the magnitude of the task. When profits were made, and proper reserves set aside, preferred shareholders would first receive their 5 percent; labor and management might then receive a slice; the balance going to the government—to be devoted, let us say, to a slum-clearance project.

This may or may not be the way to settle the railroad problem. The question before us is this: Would such an arrangement be alarmingly different from that to which we are accustomed in America? Railroad labor would proceed as heretofore, management would be reduced in numbers, but the same administrative tasks would confront it, in rather more rational terms after the elimination of unnecessary parallel lines; investors would have their pieces of paper and "conventional dividends" when earned. Nothing seriously violating our day-by-day habits would occur. Gradually it would begin to dawn, however, that the wastes of competition had been eliminated from a great public service, that railroad stocks were no longer sport for bulls and bears, that nobody could make a speculative fortune out of exploiting the carriage of fellow citizens and their goods, and that sand in the gear box had ceased to disrupt the technology of a vast economic enterprise. Profits would continue to be made, private profits in the form of the conventional dividend would continue to be paid, but the major evils of the "private profit system" would be stamped out. Nor is there any reason, save blind prejudice, to believe that passengers and goods would not be moved with at least the efficiency now obtaining. I suspect that rates would fall and efficiency, by virtue of the economies of consolidation, increase.

It is not profit as such which, on the third road, we must abolish, but rather opportunities for economic behavior which block the bridges; which shut off purchasing power, overextend the plant, give the business cycle another spin, make for waste, friction and loss. That the total volume of private profit will decline is extremely probable. But I fail to see why it is necessary to adopt the rigid dogma of abandoning either profit or all hope of social progress. It is like holding that no man can be an honest Christian who does not believe every word in the Bible.

The radicals have a point, despite the ineptness of their attempts to express it. Most of the programs for reform which have been pouring in upon us ever since the depression started—including those of Keynes, Salter and other intelligent and distinguished students—have, to my mind, one fatal defect. They do not ask what an economic system is for. They assume that the prevailing system, badly as it wants repairing, is the only conceivable system. If only its currency can be "managed," financial stability achieved, foreign exchanges sweetly greased, reparations scaled down, the unemployed put to work or upon a dole—all will be for the best in the best of all achievable worlds. They ignore the criticism of capitalism as a way of life; ignore the vicious methods of becoming rich; the whole vast burden of those nonessential trades which Ruskin termed illth; the high-pressure technique; the ignorance of the consumer; the ominous speed of technological advance. The critic is absolutely right when he says that their reforms are only patches on a boiler which is destined ultimately to explode. The fires must be drawn and the boiler redesigned. Unlimited purchasing power for unlimited junk, and a managed currency to underwrite the claims of creditors to perpetuity, will only make the final explosion worse. Better, perhaps, to deflate now to the bitter end, scrap every shred of debt and begin all over again. We cannot have our cake and eat it. The third road, if it is indeed a left road, must move into brand-new territory, where economic activity ceases to be a stimulator of the ego and a plaything, and becomes a serious business, which, in its own defense, the community must control.

STUART CHASE.

Tidal

Like moon-enchanted water at a tide
My troubled blood sweeps through each narrow vein;
The sluices of my heart's brief ocean strain,
And warm bright rivers beat against my side.
Moon-driven, moon-possessed, and moon-denied,
My amorous heart cries to the subtler brain
And learns forthwith how under the wax and wane
Of a cold moon must deep sea-water ride.

You are that moon. I am the sea, your lover.
Oh let me, wavelike, rise about your feet,
Over your ardent thighs, along the sweet
White splendor of your beauty move and hover
In that profound and slumberous kiss that knows
Love is a tide that ends not with its close.

HAROLD [illegible]

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Take Your Choice

A Comparison of the Platforms of the Four Political Parties

Communist	Democratic	Republican	Socialist
	On Unemployment Relief and Public Works		
	Favors extension of federal credit to states whose diminishing resources make further aid to the needy impossible; the expansion of the federal program of necessary and useful construction, and the advance planning of public works.	Urges the creation of emergency relief funds for temporary loans to states. Favors loans to state and local authorities and private concerns for revenue-producing and self-liquidating projects.	Favors an immediate appropriation of five billion dollars for relief to supplement state and local expenditures and the appropriation of an equal amount for public works, including roads, reforestation, slum clearance and housing.
	On Unemployment Insurance and Other Social Legislation		
Proposes unemployment and social insurance at the expense of the state and employers and condemns Hoover's wage-cutting policy.	Advocates unemployment and old-age insurance under state laws and the encouragement of the shorter working day and week through its adoption by the government services as an example.	Endorses the principle of high wages. Favors the adoption of the shorter working day and week by the government and private employers as rapidly as possible. Recognizes and approves collective bargaining by responsible representatives of employees. Commends the work of the Federal Employment Service in the Department of Labor.	Advocates a compulsory system of unemployment compensation with adequate benefits based upon contributions by the government and employers; old-age pensions; health and maternity insurance; an improved system of workmen's compensation and accident insurance; abolition of child labor; establishment of the minimum wage and the six-hour day, five-day week and the creation of free public employment agencies.
	On Agriculture		
Favors emergency relief for impoverished farmers without restrictions by the government and banks; exemption of impoverished farmers from taxes and no forced collection of rents or debts.	Favors the refinancing of mortgages through reorganized farm-bank agencies at low rates of interest; the extension of the coöperative movement; control of crop surplus; and the enactment of every constitutional measure which will help farmers to receive a price for their products which exceeds their cost.	Pledges assistance to coöperative marketing associations. Favors such modification of the Agricultural Marketing Act as experience shows necessary; tariff protection against foreign substitutes for our farm produce; extension of authority of Reconstruction Finance Corporation to make loans on agricultural commodities and to Federal Farm Board. States that prices received here for farm commodities are higher than in any competing nation.	Favors the reduction of tax burdens by shifting taxes on farm property to other sources of revenue; the creation of a federal agency for the marketing of agricultural products; social insurance on crop losses caused by adverse weather conditions; the joint acquisition of grain elevators, stock yards, etc., by the government and coöperatives; and the creation of national, regional and state boards to determine the best utilization of rural land.
	On the Tariff		
	Condemns the Hawley-Smoot tariff. Advocates a competitive tariff for revenue, with a fact-finding commission free from executive interference; reciprocal trade agreements; and an international trade conference.	Supports a flexible tariff adequate to protect American industry, agriculture and natural resources and high enough to equalize the cost of production here and abroad. Favors reserving to the President the power to put the findings of the Tariff Commission into effect; and the continuation of unconditional most-favored-nation treaties.	Proposes the creation of international economic organizations on which labor would be adequately represented to deal with tariffs as well as raw materials and an international standard of living.
	On Prohibition and Other Constitutional Changes		
	Favors the repeal of prohibition by a constitutional amendment to be referred to representative conventions assembled in the states for this purpose only; enactment of legislation to promote temperance, prevent the return of the saloon and suppress the liquor traffic; exercise of the federal power to protect states from the importation of liquor in violation of their laws; and the legalization of	Favors an opportunity for the people to pass directly on a proposed constitutional amendment which would allow states to deal with the problem as their citizens may determine, but subject to the power of the federal government to protect those states which maintain prohibition and to safeguard citizens everywhere from the return of the saloon.	Favors the repeal of the Eighteenth Amendment; government ownership of the liquor business; and state option to maintain prohibition. Advocates the adoption of proportional representation, initiative and referendum; abolition of the power of the Supreme Court to pass on the constitutionality of legislation enacted by Congress; and the passage of an amendment permitting Congress to enact necessary legis-

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COMMUNIST	DEMOCRATIC	REPUBLICAN	SOCIALIST
	On Banking		
	Favors more rigid bank supervision; speedier relief for depositors of banks which have suspended; severance of affiliated security companies from the banks; divorce of the investing and commercial banking business; and the restriction of the Federal Reserve Banks in permitting the use of their facilities for speculative purposes.	Favors a thorough, periodic examination of companies affiliated with member banks until sufficient information has been acquired on which legislative action may be based; revision of the banking laws for the protection of the depositing public; and the creation of a federally supervised system of home-loan discount banks.	Favors complete acquisition of the Federal Reserve Banks by the government; and the transference of Postal Savings to a government-owned corporation and its extension to cover all departments of banking.
	On Currency and Credit		
	Favors the preservation of a sound currency at all hazards; the maintenance of the national credit by balancing the budget; and an international conference to consider the rehabilitation of silver and related monetary questions.	Pledges itself to uphold the gold standard and to oppose any measure which will undermine the government's credit or impair the integrity of the national currency. Favors participation in an international conference on monetary problems.	Favors complete socialization of the credit and currency system; and the creation of an international economic organization to deal with money, credit and investments.
	On Public Utilities		
	Favors regulation to the full extent of federal power of holding companies which sell securities in interstate commerce and of the rates of companies which do an interstate business.	Favors legislation to authorize the Federal Power Commission to regulate the charges for electric power transmitted across state lines.	Advocates the socialization of power resources; and the operation of the power industry by administrative boards on which wage earners, consumers and technicians are adequately represented.
	On Economy and Taxation		
	Advocates immediate and drastic reduction of expenditures by abolishing useless commissions and offices, consolidation of agencies and elimination of extravagance to make possible a 25-percent saving; urges state Democrats to do likewise.	Advocates prompt and drastic curtailment of federal, state and local government expenditures to a level which can be steadily and economically maintained for some years to come.	Favors steeply increased inheritance and income taxes on the incomes and estates of both individuals and corporations. Proposes a constitutional amendment authorizing the taxation of all government securities.
	On Foreign Relations		
Condemns imperialist war. Pledges itself to defend the Chinese people and the Soviet Union.	Opposes the cancellation of the debts owing to the United States by foreign nations. Favors the settlement of international disputes by arbitration; a consultative pact to supplement maintenance of the Monroe Doctrine; and an army and navy adequate for national defense, based upon a survey of all facts affecting the existing establishment, that the people in time of peace may not be burdened by a tremendous expenditure.	Favors adherence to the World Court; the enactment of a measure authorizing our government to call or participate in an international conference in case of any threat of non-fulfilment of the provisions of the Kellogg-Briand Pact; the proportional reduction of arms by agreement with other nations; and the maintenance of the parity of the U. S. Navy with any other.	Favors adherence to the World Court and entry into the League of Nations; cancellation of war debts and reparations, provided in so doing money is not released for armaments; the reduction of armaments leading to the goal of total disarmament; recognition of Soviet Russia; abandonment of all military intervention by the United States in the affairs of other nations and immediate withdrawal from Haiti and Nicaragua; and the prohibition of the sale of munitions to foreign powers.
	On Civil Rights		
Pledges itself to defend the equal rights of the Negro; to fight for the self-determination of the black belt; and to resist capitalist terror and the suppression of political rights of the workers.		Pledges itself to preserve and protect freedom of speech, press and assembly and to maintain equal rights and opportunities for the Negro.	Proposes federal enforcement of the constitutional guarantees of free speech, press and assembly, and of political, economic and legal equality of the Negro; abolition of the injunction in labor disputes and outlaw of the yellow-dog contract; and legislation to protect aliens from deportation because of radical activities which citizens may engage in legally. Favors immediate repeal of the Espionage Act and other repressive

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Russian Pilgrimage

III: *The Writer in a New Society*

ROUGHLY, I came to divide the contemporary Russian authors—novelist, poet, playwright, critic, historian—into two classes. One class wholly accepts the proletarian dictatorship which regards literature as a revolutionary weapon to be rationally manufactured like all others. The second class, because of education and individual values, cannot achieve this whole acceptance and still looks on writing as an intuitive act which may be analyzed *a posteriori,* but which cannot be delimited *a priori* by intellectual program or social dogma. The first class is happy in Soviet Russia; the second is unhappy, although it bravely swallows its tears and carries on. Both classes, however, by the immediate circumstance of Russian life, seem destined—for a time—to produce works of slight literary value.

The writers of the first class who accept the instrumental theory of letters are thwarted from deep creation by the fact that empirical problems today are the most urgent. Their premise is that their books must *immediately* serve the Union, and they are ready to accept the judgment of the official leaders as to what the Union needs. But these are convinced that the U.S.S.R. needs tractors, motors, dams, willingly collectivized peasants, and factories with good working spirit: in short, a horde of industrial things and an army of obedient workers. Tomorrow, almost as certainly, the Union will be convinced that it needs creature comforts: silks and armchairs and fur coats. Books whose aim is to serve in these realms are not likely to be great art, since the nature of art is of another substance. And this means that the Soviet author of the "accepting" class will produce true art only in so far as he *misses* his own conscious purpose.

The writer of the second class is thwarted today by several compelling factors. Since, by force of tradition, he is still an individualist and an intuitive, the intellectual climate of the proletarian dictatorship with its obsessive drive for social progress, and conscious intelligence as the sole means toward it, is alien to him: its mass power is so vast, in this struggle for electrification and survival, that he has difficulty even in publishing his works. His danger is, that in his refusal of its intellectual currents, he may emotionally refuse the present experience of Russia. This would spiritually estrange him. Only a genius of heroic stature will be able, in the revolutionary Russia of today, to love and accept the social direction of life as it is, and yet so *form* it by his own personal values as to make an art acceptable to the public. And by the same token, only a genius in the first class of writers, standing or sitting, in the narrow hall.

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needs of the Union, and yet through his unitary sense of life instil his works with a universal essence.

But no literature at any time is of high importance unless it be the work of just such men of genius—men capable of transforming and making universal the cant literary needs of every day. Perhaps Russia's present relegation of literature to the rank of a common social means is right for the common kind of letters. The average American book aims to titillate some flabby woman (in partnership with a box of candy). If the average Russian book aims to turn workers into shock-brigaders or the sons of *muzhiks* into enthusiastic collective farmers, shall we say that even as literature it is inferior in purpose?

There has always been an immediate and humble social aim to every art. In great religious cultures, where every act is given a universal meaning, this social function of art (to amuse, for instance, or draw folk together) is also related to the universal: which means, that its purely esthetic qualities are enhanced, since the esthetic is precisely a means of experiencing the universal through the particular. There may be no giant in Russian art, today, who is fulfilling this purest function of art. But I suspect that in the linking up of particular, social ends with universal values, Soviet literature on its habitual levels is closer to that of the great religious eras than the literature of any capitalist country.

While I was in Moscow there took place in the Writers' Club a series of meetings at which the leaders of all groups discussed in careful papers the problems of the author's place in the Soviet Union. I had found complete candor only among pure proletarian Communists, *muzhiks* or outcasts with nothing to lose. Most of the writers with whom I came in contact lived insulated in a reticence I could not pierce. These meetings were historic, because every writing man was urged to speak his entire mind on the subject which has haunted the intelligentsia of Russia for fourteen years.

I knew that I would learn more with my eyes than my ears, so I was happy to find myself seated in the first row of seats on the rostrum. On my right sat a leading critic who spoke English; on my left was a poet who spoke French; directly behind me was a novelist who knew German. I did not lack interpreters; but what counted most was the unimpeded view before me of several hundred

[illegible] my two classes. Most of the older

men and women were intellectuals with an individualistic background; to a great extent the youths were "proletarian" writers. Among the former group were faces that recalled Dostoevsky, Nekrasov, Gerzen, Chekhov. The Russian writer, I felt, must have been almost a class apart with feature and expression which I now read as I had read his works. Here was true individualism: mind and emotion so evolved as to touch the universal. Here were men who had pursued their thoughts till they attained true concepts, who had refined their feelings till they touched the cosmic essence within personal emotion. The world of action was separate from these men, yet not spiritually remote. Only the motives of money were remote from them, as from a company of children. And there was something childlike in the pain stamped on their luminous, homely faces. It was a passive suffering; the *passio* of acceptance. Like children born in an unhappy home, they could do nothing; indeed they knew nothing beyond the constant atmosphere of trial.

Now the thought came to me that these Russian writers were of a race which had been European! Doubtless a group of authors in nineteenth-century Paris or Vienna or Madrid would have shared some of these traits. These were survivors of the *clerks* who created cultural Europe and who created the democratic values which at last destroyed that Europe! In the West, they had been wiped out by the gradual process of two hundred years. In Russia, the destructive process had been delayed, the intellectuals had still been able until 1917 to live in their essential world. Then annihilation was upon them. It was the fate of the survivors in Moscow, who now sat before me, to suffer in their own persons what the same caste in Europe had suffered slowly, during a century and a half.

The faces of the proletarian writers—mostly boys and girls in their twenties—revealed the same mild yet fertile homogeneousness of feature—like an unwritten page and a fallow field—which I saw constantly on street and farm. But unlike the intellectual writers these boys and girls had supple bodies; and on their eyes and mouths there was the mark of *will*. Will was almost absent from the faces of the intellectuals; and is not writ large in the common proletarian. The will, for instance, of a factory group is not yet stamped in the average factory person. It is conspicuous in the Communist, in the young Communist; it was conspicuous here on the countenance of the proletarian writer. In their elders, I felt substance, intellectual, spiritual—and decomposing. In the youths, I felt little substance—but a ruthless drive.

Four men, that first evening, aged forty or more, poorly clothed, with luminous, sharply individual faces, read papers. They attacked the "literal" method of producing proletarian letters. . . .

a rare essence, one did not begin with it; one took all the raw materials at hand and refined and combined, until one got it. The spirit of world revolution was an essence—*the* essence today of Russia. The more free the artist was in his employ of fact, fancy, theory, even heresy, the more sure he was to produce that spirit. If he tried to begin with it, he would end with only a substitute or a dogma. . . . Or literary art was an organic process. Like any growing life, it must be allowed first of all to live *in its own terms:* to force it outside the rhythm of its being was to kill it. If Russians had faith in their revolution, they must believe it to be cognate with Russian life in its freest and deepest manifestations. The free growth of Russian art could only serve it. . . . If the Revolution was a spirit that lived, it must grow—and change. It must evolve from the whole experience of the people; from the untrammeled experience of the poet. Writers like Gorky and Leonov had written far better proletarian work—work far more vitally of the Revolution—when they were concerned only with their own reactions to raw Russian life, than now when they deliberately pared down everything they wrote to a Marxian conclusion.

The audience listened perfectly: at times, they smiled or interjected courteous words of assent or dissent. When each speaker was done, he was applauded mildly. A lean dark man came to the rostrum. His Jewish eyes burned, his hands shook. He was a Communist who had been a Soviet official and now taught literature in one of the universities of Moscow. He spoke extemporaneously for an hour. (Meetings, like plays and buildings, and intervals between meals, are long in Russia.) He attacked the anti-Marxian ideology of the four speakers. They talked as if individuals could create the dialectic stream of history! Writers, like everyone else, must be technicians—or nothing. By means of technical intelligence, they could give adequate form to the social need of the hour, or measure and hence midwife the social trend: by making the mass more conscious of what that trend must be, they could help the mass to be delivered of its own future. *And that was all.* The historic need of the people, for instance, was that kind of food production which required tractors: therefore the engineers modeled and put forth tractors. The historic need of the people was a certain kind of book: therefore let the writers produce it. The *factory* was the archetype of every creative act in the socialist world: for the factory represented group collaboration, conscious intelligence and methodological will. The proletarian writers must emulate the factory.

The shrill voice stopped, the fluttering hand subsided: the passionate little Communist stepped down. Without knowing it, he had given voice to a pure mystic sense of life: he had pleaded that the writers serve the Dialectic Law as his fore-

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Three of us walked slowly back to my hotel. The Strasnoy Boulevard was dimly lighted, and exuberant with people. Women packed the benches while their children slept, enjoying the warm night. The wooden booths sold kvass and beer and candy. The populace was a tide rising, surging. On the Tverskaya, the Soviet buildings lay in gray silence: the Lenin Institute was a vigilant shadow. The reformed street was like a wall defending the lyric crowds of Moscow. Walking through the crowds, we three had not spoken; now, under the silence of the darkened official buildings, we began to talk.

"Yes, the problem is complex . . ." said the poet at my right.

"The Communist had a majority with him," I observed.

"Quantitatively, yes. But do not misunderstand the applause he received. The mass of young writers *want* to agree with him. After all, if he is right, they are sure to be able to do what is expected of them. But they admire the work of the four men they listened to almost in silence."

"A world is literally being created here," I said; "it is hard to be part of the travail. Who knows which men are of the blood that is lost, of the placenta that is discarded; and which are the new creature?"

"The problem is even more complex than that," said the critic at my left. "We are not merely the new life and the living mother from whence it springs. We are the midwife also. Who knows which men are the old tissue; which the new; which the ministering hands? In this birth, if the mother dies, the child dies. In this birth, who shall say at what moment the placenta can be discarded; and what blood can be lost safely?"

"Yes," said the poet, "biology will not provide an image for our Russia. Biology is far too simple."

WALDO FRANK.

Washington Notes

Passing the Campaign Hat—The Attack on Garner —Roosevelt's Strategy—Hoover and the Wets— Close-mouthed Cal

ONE OF the problems facing the political managers in both parties in this campaign is to get money; another is to keep their vice-presidential candidates from forging too far to the front. I am revealing no secret when I say that the coffers of the party treasuries are equally bare and the prospects equally bleak. On the Democratic side there is a complete indisposition of the usual contributors to contribute. They were anything but in love with Roosevelt's nomination to start with, and coupling him with Garner, bearing the Hearst-McAdoo brand in plain view for the world to see, has augmented this indisposition. The monied friends of the unfortunate Smith are still sour and sore. Some of them will get over it and some will not. However much members of the Morgan firm dislike Hoover, they have flopped over, and everybody knows what that means. There is reason to think that the Honorable Owen D. Young and the Honorable John W. Davis will not only support Roosevelt but that each will make a speech or a statement for the ticket. But that is routine party stuff and will be recognized as such. The plain fact is that the big-business interests are today, as they have been in the past, back of the Republican ticket. The interesting thing, however, is that the efforts of the Republican financial department to tap them for the preliminary expenses of the campaign are meeting with unpredecentedly feeble response. Probably they will come through later, but at the moment they are tighter than the proverbial tick.

As for the vice-presidential candidates—recognizing the mistake of the Curtis renomination, the Republican managers welcome anything that will divert attention from his age, caliber and career. Accordingly, the selection of Mr. Garner, through the Messrs. Hearst and McAdoo, seemed to them a very good break, particularly when they realized the energy, activity and fighting spirit with which the Honorable Jack proposes to throw himself into the campaign. The Republican idea, as demonstrated in the opening gun fired in Boston by the Honorable Ogden Mills, is that Jack is a shining target, particularly designed for their artillery. The effort will be to contrast the record of the Democrats in the House, largely made by Mr. Garner, with the Democratic platform pledges. It is an intelligent thing to do and the wiser among Roosevelt's managers are somewhat anxious to confine Mr. Garner's campaign efforts to the West and to divest him of the conviction he seems to cherish that this is a battle between Hoover and Garner rather than between Hoover and Roosevelt.

Roosevelt wants, I am told, to go to the Olympic games in Los Angeles, and plans to make several speeches in August and early September in different parts of the country. The dramatic effect of his Chicago convention speech is fully appreciated and the airship and radio will be his chief instruments of locomotion and communication. By frequent speeches, quick traveling and appearance in every section, it is believed that he will counteract any whispering campaign concerning his physical condition. Also, his friends here say, Mr. Roosevelt expects to pitch into Mr. Hoover and assail him all along the line, refusing to answer any counter-attacks from Cabinet officers or other spokesmen.

Clearly the Democratic game is to indict Hoover and the Republican administration and capitalize as far as possible the distress, unrest and resentment bred in the country by the depression. On the Republican side the effort will be to brand the Democratic candidates as unsafe radicals, and the Democratic party as unfit to handle the affairs of the government, the hope being to alarm everybody with a job or a dollar left into refusing to "swap horses." It really comes down, I suppose, to the question of whether the country under existing conditions is conservative or liberal, though the Wet and Dry issue as usual will make it impossible to get an entirely clear-cut decision about that.

What we are waiting for now is the Hoover speech of

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speech will be ponderous and platitudinous. It is not possible to make a mistake in that. Of course, real interest will be concentrated on what he has to say about the prohibition plank. He is being advised to indict the Democratic proposal on two grounds: first, that under it all restrictions for the unrestrained sale of liquor would be removed and a return to the conditions before prohibition, with the saloon, made possible; second, that the unconditional repeal would not be ratified by thirty-six states, and hence, what the Democrats propose is to inflict us with a continuance of the Eighteenth Amendment for an indefinite period.

Word comes here of another worry of the administration political counselors, advisers and guides. It concerns one Calvin Coolidge and the extreme coldness with which thus far he has received the several and sundry suggestions that he issue a statement, grant an interview or make a speech endorsing the Hoover-Curtis candidacies and urging the American people to support them. It naturally would be the thing expected of Mr. Coolidge and, of course, in the end he will do so. But he will not be hurried and every effort to get him to agree to anything definite has so far failed.

The truth about Mr. Coolidge is that he enjoys making Mr. Hoover suffer. Also he enjoys having people urge him, and holding them in suspense. He has a perfectly clear notion of his value to the Republican cause and the good or harm that he can do. The White House group are exceedingly anxious to have his endorsement, but are uneasy as to its nature.

It just isn't in him to be whole-hearted in a business such as this. The thing that will ultimately bring the Coolidge endorsement will be his congenital distrust of anything Democratic and his fear that those investments of his so carefully nursed since his retirement—and before—might be imperiled under a Democratic administration. If they hammer upon that idea they will get him. I know of no other way.

Washington. T. R. B.

Gaush!

We publish below the prize-winning sketch in The New Republic's college contest. The author is a senior at Clark University, majoring in English.—THE EDITORS.

GAUSH!" he says to me as though I were an administration, "I weesh sey would get to *hayll* out of here!" He is Emotional, you see—has a soul and things like that; but you are prepared for it by the way he thrashes his arms, and the way he says everything all at once out of a sharp dark face set only a wiry five feet or so above the ground, and by the fact that he is—well, after all he is only a Puerto Rican.

He is also Spanish—or his father was, at any rate. His father came to Puerto Rico as a non-com in the Spanish army and did a little odd fighting, as when we stepped in to save the island from Spain, for instance. But that was the father and we are talking about his son Toni. Toni pokes quite a little fun at this fighting and saving of things, but he is just the kind to catch up a rifle and join the boys when they show up under his window down in San Juan some morning—dangerous, I mean, and flighty about his country. His country! It is a little two-by-four island and God knows what would have become of it if someone hadn't got hold of and organized it, and built roads and schools and cleaned up some of the filth; and I tell him. I know very well that there is no excusing the shameful mismanagement which has gone on, but that is over with and forgotten, and so why all this mounting of hobby-horses in the grand manner? You can get sentimental about the heel of tyranny easily enough, but that puts very few *jibaros* to work.

Even the radicals down there are finding this out. Take Julio Steban, for example—not only an authority, but a friend of Toni's and therefore a reliable authority. Steban has seen enough of the present straightforward policy to make him finger other stops than those of his old ballad on "The Sad Case of Puerto Rico." So I bring up an article he published in the States last summer, and can Toni answer this clear-eyed indictment of the brand of pessimism he revels in. "So? Steban? See article wass for monee, wass for boil-see-pot. Eet ees not Steban. No." He even goes futher and claims that the godammit nationalists, in a spirit of reprisal, translated the article and published it where all Steban's friends could see it ("Ee*mag*-ine soch a dirty treeck!"). Whereupon the author had to bestir himself and publish three articles in a thoroughly altered vein, and in Spanish; and he has got some of his friends back now, I understand. This ought to show what an impossible chap Toni is. You can't argue with him, for he always has some specious loophole to dive through with simply terrific speed and gesticulation.

If you ask him as a student of history what he thinks of nationalism, he will laugh; if you ask him what is the difference between Puerto Rico and Texas, and why one can't worry along under the "domination" of Washington as well as the other, he will get you in a corner somewhere and talk you limp and wilted. Puerto Rico is not Texas because its people do not speak Texas, do not read Texas. They speak Spanish and they read the young poet Martos, for instance. "*You* cannot read my frand Martos," he tells me, getting hold of my lapel and clinching the point by turning loose a flood of golden syllables:

> Pasan tieras rojas, Islas de betum,
> Las pasiamentosas antilles del rum. . . .

That is not Texas and Puerto Ricans know it and are not to be cudgeled into wanting to exchange it for Texas. When this exchange is attempted in the name of business and the law, there is going to be trouble, and the trouble will be nationalism, a special consciousness of their own carefree lazy ways. Nationalism in itself is of course something to be grown out of, to be sloughed off as soon as possible; and why hasn't Puerto Rico grown up with the rest of us? Why, it is still a colony—"Ee*mag*-ine, see most coltured people in see Caribbean a godammit colony!"

I manage about here to point out that this people is what you might call on the edge of starvation, and that whether due to exploitation or no, the immediate situation is one they can't crawl out of by themselves. Yes. That is one thing. It is a terrible thing, and it has attracted so much bet-

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Puerto Rico's soul. It is very nice of a big country to come down and help a little country. It is probably the only and the best solution. Someone clearly ought to show the Puerto Rican how to live and watch him ("beeg eyes, through hees weendow") to make sure he benefits. "Bot *why you come?* You stoff down his stomach a language, a tradeetion, an effeeciency he hass no use for. Eet is best and eet ees right, bot he cannot stand eet, he ees *croshl* We are hongry? We do not know how to leeve? We haff been hongry before, you see, and now we are not left moch to leeve *for. Gaush!*"

I tell you, he has some strange ideas.

He had one about writing a thesis when he first came up here. His thesis was simply that when you took from Haiti fights and revolutions and the voodoo—"you haff, godammit, not got Haiti any more!" He finished two or three ripping chapters and went into a conference where they asked him for his sources. They could not very well read the chapters without the sources, of course. So he wrote some chapters showing how Haiti has always made a point of burning sources, and took the whole thing in for them to read, and so he is writing a new thesis. It is now the object of the work to prove by facts and figures the exact amount of unmitigated good done by the American intervention, I understand.

What has this got to do with Puerto Rico and why doesn't he stop talking and go where he can work for the people he genuinely loves? He loves the island; he might stay there and kill Americans or something. Perhaps, I suggest, he would much rather talk about killing Americans. . . . Well, he has a fellowship here just now; he will go home later perhaps. But you see, the nationalist group is a trifle *seelly* in its pompous extremes, and it distrusts his sane eye. The university, on the other hand, is American and he has told Americans several times that rice and beans contain perhaps as much moral worth as a large planked steak. The university distrusts his national feeling. So there is really not very much for him to do in his own country. He will go there and the hills will be quiet and beautiful, beautiful. He will walk down the street and meet the Governor, and "Good morning, Meestair Governor," he will bow, all smiles . . . "a-h-h, I weesh sey would get to *hayll out of here.* Gaush!"

OTIS C. FERGUSON.

CORRESPONDENCE

Brookhart and Field

SIR: Unless Olympus has gone out of business in these degenerate modern times it must have shook with the unquenchable laughter of the gods when the press recently announced that Henry Field had been nominated as Republican candidate for the United States Senate from the great commonwealth of Iowa.

Surely Vox Populi like God moves in a mysterious way his wonders to perform. For only those who have listened to Henry Field's wheezing over the radio can form a just estimate of the ignominy perpetrated.

True, Brookhart put most of his available family on the federal pay roll, but he didn't radio his wife's funeral to the voters of Iowa. He peached on a liquor party in New York City as no gentleman should do, but for his campaign he offered nothing like "the Brookhart bologna versus the Field chicken stew" as an [illegible] made to an underground.

Here are the kulaks of Iowa being dispossessed by the thousands and the state prostrated in the most appalling economic crisis that ever scourged the country and the Republican voters can do no better than nominate for the highest legislative body in the world a man who has daily radioed his absymal ignorance of economic and social problems to the entire Missouri Valley. Brookhart is no Chesterfield, but surely he is the glass of fashion and the mold of form in every essential way compared to the man the Republican party has nominated for the United States Senate from Iowa.

It only remains now for the voters of Kansas to nominate the radio announcer Dr. Brinkley, the goat-gland specialist, to prove that we of the Missouri Valley have no reason to hurl epithets at the genial and wisecracking Jimmie Walker.

As a claim to political sanity, Nebraska points with pride to George W. Norris.

Lincoln, Neb. W. T. DAVIS.

Not a Member of "Justice and Liberty"

SIR: In your issue of June 8, you gave my name as one of the heads of the Italian anti-Fascist organization "Giustizia e Libertà" ("Justice and Liberty").

I beg to state that I approve of the program of "Giustizia e Libertà," which in passing let it be said does not call for "the drastic suppression (!) of all who have benefited personally from Fascism," and I deeply admire men who are devoting their lives to the cause of Italian liberty and European peace. But I cannot accept the credit, which is not my due, of being their leader. I am not the head of any organization at all.

The struggle for Italian liberty must be led by young people. They must be left to find their own way by themselves. The only thing we old people may do and must do is to help them as far as we can without any pretense at leadership.

Paris, France. GAETANO SALVEMINI.

Join the Unemployed and See the World

SIR: According to this morning's New York Times, Secretary Wilbur appeals to the unemployed "to forget their troubles and use their enforced leisure for a trip in the national parks."

Why not spend a few weeks in the Alps, too, winter in Southern California, and then over to Japan for the cherry blossoms?

New York City. Z. CHAFEE, JR.

The Spirit of St. Louis

SIR: The enclosed statement by an eye-witness is absolutely correct and I wish to verify it, as I, too, was a witness.

J. LESSER,
Advertising Department,
Jewish Daily Forward.

[ENCLOSURE]

SIR: A peaceful demonstration of at least 10,000 people led by the unemployed councils of St. Louis was fired on by the police of the city of St. Louis absolutely without provocation of any kind. Police fired on the crowd from the windows of the mayor's office. Numerous women and children were trampled on in the rush caused by the ruthless pursuit of uniformed police and plain-clothes men.

The crowd, after fruitlessly appealing to the city officials for relief, determined to march on the local charity organizations to beg for bread. An appeal was made to the children and ladies in the crowd to move to the front to form a line for a parade to the charity office. No sooner had this been done than the police, without provocation, began firing on the defenseless women and children.

One child was wounded in the leg and one woman was hit in the back. The whole thing was entirely murderous and entirely unwarranted. One man was also wounded and taken to the hospital. The radical movement in St. Louis from now on can expect persecution of the most extreme kind and all preparations should

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The Enchanted Castle

The Fountain, by Charles Morgan. New York: Alfred A. Knopf. $2.50.

A MAN MEETS another man's wife and becomes her lover; the husband guesses the truth and forgives them both; he dies of wounds, exhaustion, grief, and the two survivors marry. To me, "The Fountain" is an astonishing novel. The author has breathed conviction into this dead plot, has made it the whole subject of 450 tight pages, has built it squarely and soundly into a book as architectural and, in a sense, as alien as a tragedy by Racine. In an age preoccupied with social conflicts, he has written a distinguished novel about three individuals.

It wasn't easy to achieve this tour-de-force; the author had to place special characters in a special situation. Lewis Alison, an officer of the Naval Division, is interned in Dutch territory after the fall of Antwerp. Released on parole, he is invited to the castle of Enkendaal, where he continues his studies toward writing a great book on the contemplative life. He has no financial worries; his military pay covers all expenses; his host enjoys a baronial income and, in a world at war, leads the quiet life of a Dutch aristocrat. Enkendaal itself, hidden by trees, surrounded by lakes, lulled by a waterfall, is a castle of enchantment, a scene suggesting the enchanted mountain that Thomas Mann described; but there is an essential difference between them. In "The Magic Mountain," the sanitarium where Hans Kastorp spends so many years is a world in miniature, a mirror reflecting the conflicts of the world below; and it is, moreover, the real hero of the book —which in this sense might be called a collective novel. But the castle of Enkendaal, though ancient and echoing with the steps of servants, plays no real part in "The Fountain"; it is merely a picturesque setting for a drama of individual lives.

In order to render these lives significant, the author subjects them to a process of dignification. Thus, Lewis Alison is dignified by his contemplative tastes, Julie von Narwitz by her unusual beauty, and old Baron van Leyden, her stepfather, by the fabulous height of his family tree. All the characters together are dignified by having their emotions described at length, exhaustively, in the author's grave, noble and even pretentious style. Sometimes all this dignification leads to dullness, and reading the book seems like wandering through a castle in which there are many unfurnished rooms. But soon our patience will be rewarded. Julie's husband is returning from a Prussian hospital, and the real drama is about to begin.

Rupprecht von Narwitz combines in himself the claims to dignity of all the other characters. He has Alison's rich philosophy, and Baron van Leyden's high descent, and even something of Julie's beauty. He is further ennobled by suffering, love and the imminence of death. He is, in brief, a Junker saint, and a very convincing one; with his arrival the story takes on life, movement, suspense. Yet it is Narwitz, in a conversation with his wife's lover, who makes the one speech that strikes a false note:

> The world [he says to Lewis] has formed a habit of thinking in groups, classes, masses; and civilization is breaking down under the burden of that error. It is an error because masses are contrary to nature; they are not born, they do not die, they have no immortality; the poetry of human experience does not apply to them. Birth and death are solitary; thought and growth are solitary; every final reality of a man's life is his alone, incommunicable; as soon as he ceases to be alone, he moves away from realities. . . . Lenin is aware of this. He knows that the nearer any human association is to spiritual solitude, the more damaging it is to what he believes to be mass-truth. Therefore the love of man for God or of man for woman is counter-revolutionary and he would destroy it. It can't be destroyed. When Lenin can merge two consciousnesses into one consciousness, when he can enable men to yield up their secrets which now they cannot communicate even to those they love, when he can break down the isolation of the human spirit, then he will succeed.

It is hard to imagine a Prussian aristocrat talking thus of Lenin in the summer of 1918; one feels that the author has stepped forward in his own person to deliver a thesis. Even granted that Narwitz is really speaking, there are certain details which he leaves out of the picture. He might have remembered that he was born into a class which was largely responsible for the War; that he was dying of wounds in a year when his whole class was dying; that his wife, after his death, would be forced to descend into another class and readjust herself to its standards; that he and Lewis Alison were able to philosophize about the contemplative life because they were, for the moment, arbitrarily divorced from society; that Alison would soon return to his publishing house to think in terms of discounts and royalties; that the whole drama between them was only an interlude. . . . Essentially "The Fountain" is a novel of escape, a book that carries us into a temporary world where individuals have a temporary importance. It is not a great novel like "The Magic Mountain," but it has its own distinction and deserves the considerable success with which it seems to have met.

MALCOLM COWLEY.

Wings over Wall Street?

Short Selling, by J. Edward Meeker. New York: Harper and Brothers. 258 pages. $3.

Short Selling: For and Against, by Richard Whitney and William R. Perkins. New York: D. Appleton and Company. 181 pages. $1.25.

Confessions of a Customers' Man, by David L. Salmon. New York: The Vanguard Press. 256 pages. $2.

What Makes Stock Market Prices? by Warren F. Hickernell. New York: Harper and Brothers. 199 pages. $3.

What Price Wall Street? by Forrest Davis. New York: William Godwin, Inc. 376 pages. $3.

THE SCRUTINIZERS hover over Wall and Broad. The Senate sets the fashion; journalists, economists and prodigals join in the bombardment. Through the chinks in the walls we begin to have a peek at what goes on behind the scenes in that well guarded citadel which we call the Stock Exchange. More is written and less known about Wall Street than about any other major function in our economic life. One of the writers listed above, Mr. Forrest Davis, who ventures for the first time into the field of financial history, expresses amazement at finding in our chronicles almost nothing about the essential elements surrounding the part of finance in previous depressions. The reason is obvious. The Stock Exchange is the mart where the ownership of all the major business interests of this vast nation changes hands. Yet, in spite of the fact that this market embodies a function perhaps more important than any other single business activity, it is completely ruled

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by a private organization and all the facts, all the data essential to an understanding of the economic values of speculation, are jealously cloaked behind a secrecy which no one capable of understanding the social elements of the business has ever been permitted to penetrate. The appearance of these flyers, therefore, above Wall Street is a most hopeful sign.

J. Edward Meeker contributes a volume on "Short Selling." Mr. Meeker is the economist of the Stock Exchange. There is a genuine need in financial and industrial institutions for the economist. So far as he conducts studies and surveys to aid his principals in understanding their own problems he performs a useful service. It is one of the curses of our present life, however, that these economists stray continually from their small laboratories into the field which really belongs to Mr. Ivy Lee and Mr. Edward Bernays. As a result we are abundantly treated to "studies," "surveys," public addresses, college lectures and especially newspaper interviews by the "distinguished economists" of banks and manufacturers and associations and investment houses, instructing the customers in the ways they should go. The customers have swallowed the bait avidly in the past and now languish with the hooks in their jaws.

Mr. Meeker enjoys exceptional opportunities for studying short selling. The internal life of the Stock Exchange is under his eyes. But, at the moment, the institution which employs him is under fire for its short-selling activities. Under the circumstances the reader must accept with a grain of salt a "study" of short selling which comes from its official economist. When this has been said, however, the book—accepted as a brief and not a study—must stand as the best presentation yet offered of the Stock Exchange's side of the case.

The arguments for and against short selling are listed and the answers to each offered. Mr. Meeker, as might be supposed, finds no support for any of the criticisms. He supplies figures and charts to prove, what I think is sound, that short selling exercises no influence whatever on the long-range trends of the market, its chief influences being limited to the hour-to-hour and day-to-day oscillations of price. The book falls short mainly in its failure to examine the effects upon particular stocks. It ignores completely the uses of the short sale in the manipulation, not of the market, but of special stocks in pool operations, even the bull pool operations.

Of the small volume, "Short Selling: For and Against," little need be said save that it is a reprint of various addresses of Richard Whitney, president of the Stock Exchange, made in support of short selling, and answers to those addresses made by William R. Perkins, an attorney of New York City. Mr. Perkins has had, of course, the benefit of the figures on the short position between May and November given out by the exchange in December and he makes effective use of them.

What is needed about Wall Street, however, is not controversialists, but witnesses, and a most engaging witness steps forth in the person of David L. Salmon. He calls his book "The Confessions of a Customers' Man." If you do not know much about Wall Street and customers' men you will without doubt look upon Mr. Salmon's revelations as fantastic. Unfortunately the sprightly style of the book, which adds to its gayety, tends to subtract a little from the impression of genuineness. But Mr. Salmon was a customers' man for seventeen years with a leading brokerage firm, and he tells with merciless frankness the kind of transactions in which he collaborated. The customers' man looks after the pipe lines which feed the sucker money of

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If any of your money went that way—if, in short, you have dealt with customers' men—you will find in this volume much that hitherto you have only half understood. The book is an intensely readable record, appalling in its frankness, of one of the most shameful aspects of American business life. One wonders why that strange investigation of Wall Street which stumbled along in Washington did not call a witness like Salmon.

Warren F. Hickernell's book, "What Makes Stock Market Prices?" is valuable chiefly for its case histories of a number of pool operations. It has long been my belief that one of the most valuable contributions to be made to stock-market literature would be a clear, detailed history of a pool. Mr. Hickernell supplies this, and if the pool histories are less detailed than I should like to see them, the fault is atoned for by the number which he reports. The book certainly will not do what the publishers claim for it—"help the outsider how to guess right"—but it ought to convince any sensible man who reads it how impossible it is to protect himself against the insiders save by staying out of the stock market altogether.

"What Price Wall Street?" by Forrest Davis, a reporter for The World-Telegram, is interesting rather than important. It offers a historic survey of Wall Street's part in other great depressions and concludes with an argument drawn from an examination of the present one that speculation is at the bottom of our frequently recurring industrial collapses.

JOHN T. FLYNN.

Jaundiced Memories

Memoirs of Prince von Bülow. Vol. III: The World War and Germany's Collapse, 1909-1919. Boston: Little, Brown and Company. 435 pages. $5.

> Nor did Bethmann ever ask me to advise, after my resignation, on any situation confronting him. Never . . . did he consult me: not even in the summer of 1914.

THIS IS the keynote of the third volume of Prince von Bülow's delightful but delusive memoirs. He bitterly resents the folly and ingratitude with which the Kaiser and Bethmann failed to ask the advice of the man who, so he would have the reader believe, had brought Germany to the pinnacle of her power and prestige at his resignation in 1909. Instead, he was forced to look on, inactive and unconsulted, while his successor made fatal mistakes which he thinks he himself would have avoided.

Most interesting, therefore, is his account of the diplomatic crisis in July, 1914. "Our leaders were not working for war. They were acting on the mad assumption that they could succeed in letting Austria 'punish' Serbia, without the risk of international complications." Writing with the wisdom of hindsight after the events, Bülow declares that if he had been consulted, he would have pointed out the folly of thinking that Russia's horror at tyrannicide would outweigh her determination to support Serbia against Austria. He would have insisted that Germany keep a controlling hand on Berchtold, instead of giving him *carte blanche* at Potsdam on July 5. He would have demanded that Austria take no warlike action against Serbia until Germany had time to examine the Serbian reply to the Austrian ultimatum. He thinks that Germany, having examined it, should have declared it satisfactory and have referred the remaining disputed points to arbitration at the Hague. He castigates Bethmann for making no military preparations, for failing to buy up food, for the overhasty declarations of war on Russia and France and for alienat-

ing Italy by assenting to Berchtold's policy of keeping Rome in the dark.

Most of this criticism is just. But would Bülow actually have been as cool and wise in the hectic days of 1914 as he pretends in his memoirs half a dozen years later, when Bethmann's blunders had been made clear by their consequences? It is doubtful. Would he not have again tried the game of bluff which he had played in 1905 and 1908 in the Moroccan and Bosnian crises, when, on account of Russia's exhaustion from war with Japan, he was able to win Pyrrhic victories? But Russia in 1914, rearmed and strongly backed by Poincaré, was in a very different mood from that of 1905 or 1908. A Bülow bluff in 1914 would have succeeded no better than Bethmann's policy of "localizing" the conflict. A backdown by Bülow, a humiliation before the Triple Entente, was not likely in view of his practice in the past.

Bülow attempts most unfairly to throw the whole burden of Germany's catastrophe on the Kaiser, on Bethmann and on Bethmann's officials, forgetting that most of these officials had been selected or promoted by himself. He says his own Tangiers policy was a success, but Bethmann's Agadir move was a failure. In fact, both were most unfortunate mistakes which further antagonized the French and drew England and France closer together. He condemns Bethmann for the invasion of Belgium, forgetting that it was he himself who sanctioned this in the Schlieffen Plan several years before.

The latter part of the volume is an embittered survey of the follies and treacheries, according to Bülow's view, which led to Italy's entrance into the War, the creation of Poland, the peace propaganda at home which weakened the German army at the front, the creation of the socialistic republic and the acceptance of the Treaty of Versailles. Though jaundiced, embittered and one-sided, the memoirs contain much truth. But not the whole truth. As the recent flood of anti-Bülow literature abundantly indicates, his statements are warped with personal hatreds and resentments and are to be accepted only with extreme caution.

SIDNEY B. FAY.

Reconstruction Reconstructed

South Carolina During Reconstruction, by Francis Butler Simkins and Robert Hilliard Woody. Chapel Hill: University of North Carolina Press. 610 pages. $8.

THE HISTORIOGRAPHY of Reconstruction is scarcely less interesting than its history. Few chapters of American literature reveal more accurately the prejudices and sentimentalisms of the American people, the changing character of American social thought. It is indeed a far cry from the doctrinaire Burgess to the dispassionate Dunning, from the blast of James G. Blaine to the counterblast of Claude Bowers. In two respects the reinterpretation of Reconstruction has been fundamental in character. In the first place, consideration of the political processes involved has been removed from the heated controversial atmosphere of an earlier generation and subjected to critical analysis in the laboratories of historical research. It is now possible to interpret the Black Codes, for example, as something other than proof of original sin on the part of unreconstructed rebels; it is equally possible to do justice to the fairness and integrity of the military government in the Southern states. In the second place, the conception of Reconstruction, as of history itself, has undergone a significant expansion. Historians, profiting perhaps by recent experience, concern themselves with the social and economic rather than the political consequences of the war and the peace, and fasten their attention on the reconstruction of society rather than of government.

"South Carolina During Reconstruction" illustrates in a most happy fashion both of these tendencies. Though written by two Southerners it is notably free from partisanship, from bitterness and even from that nostalgia which has so often been the refuge of Southern historians. The volume represents a triumph for the spirit of scientific inquiry. Messrs. Simkins and Woody have subjected the political history of reconstruction in the palmetto state to a more critical reëxamination than either Hollis or Reynolds attempted, and with suggestive results. It is abundantly clear from their narrative that the much maligned Constitution of 1868 was not only the best that had ever been submitted to South Carolinians but that it has served as the basis for the present Constitution. It is equally clear that the carpetbag and scalawag administrations of that unfortunate state were responsible for constructive legislation of a high order in the field of education, of agriculture and of legal reform. Credit is given to the integrity and the intelligence of a number of the Negro politicians, as well as to the honesty and decency of the military government foisted upon the state by a Radical Congress. Nor do the authors waste either indignation or tears over the corruption and maladministration of the post-war years; they are perhaps aware that business will seek to corrupt government wherever there are special privileges to be purchased. That "infamous scoundrel," Governor Chamberlain, emerges as a statesman of considerable ability; the spectacular victory of Hampton and his Red Shirts appears somewhat more dramatic than either legal or laudable.

The most important contribution of Messrs. Simkins and Woody, however, is not the revaluation of the political history of the period, but the substantial and scholarly analysis of economic and social developments. Their purpose, they state in an admirable preface, "is not to confine ourselves to the political story, but to recreate the life of a people." The basic factors that conditioned that life—soil, climate, the people—were the same after as before Appomattox; the political and social revolution effected by the war could not permanently deflect the course of economic evolution. Messrs. Simkins and Woody show in convincing detail how social institutions righted themselves after the jolts of the war, how men adapted themselves to some new conditions and repudiated others, how traditional social relationships were restored and even strengthened. South Carolina remained agricultural in economy, rural in social organization, conservative in politics, orthodox in religion, homogeneous in population; and the white man remained in control. The efforts to restore the shattered economy of the state and achieve prosperity furnish the opportunity for analysis of agricultural reform, immigration, railroad construction, manufacturing and banking, while the social activities of the gregarious and pleasure-loving South Carolinians form the subject of several charming descriptive chapters. Students of economic history will find here abundant data on the relation of railroad construction to politics on the one hand and to economic needs on the other, on the beginnings of the industrial renaissance, and on the role of the country merchant and of local credit facilities on agricultural development. To the student of social institutions the chapters on church organization and religion, reconstruction in education, and the moral and psychological effects of the war on class and racial relations, should prove illuminating. Finally, the

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University of North Carolina Press is to be congratulated on the production of one of the handsomest books of the year.

HENRY STEELE COMMAGER.

Forecast of Struggle

Years of Tumult, by James H. Powers. New York: W. W. Norton and Company. 345 pages. $3.

20 Jahre Weltgeschichte in 700 Bildern. Berlin: Transmare Verlag. 286 pages. Price not stated.

HERE ARE two books which attempt to capture—the first in good newspaper prose, the second in newspaper photographs—the turmoil of recent world events. Both chronicles portray the violent nature of the period through which we are living; both leave us with the impression that these two decades of tumult are only the prelude to still more tumultuous years. The universal unrest—in which men, countries and movements; Hitler, Ford, Gandhi, the Polish Corridor, Mussolini, Manchuria, the Japanese *ronin*, the Chinese war lords, the League of Nations, all are counters moved by unreasoning forces—is a forecast of monstrous and bloody struggles to come.

Mr. Powers' book is an admirable compendium of the facts behind the newspaper headlines since the War, written in a compact and penetrating style that suggests the best of his editorials in The Boston Globe. No philosophy of history guides the telling of the story; it has not even a political *Tendenz*. This may be a merit as regards the mere transmission of information, dates, numbers, but it does not make for cogent interpretation or living history. Mr. Powers endeavors to maintain a neutrality which will permit his readers to find support in his chronicle of events for whatever point of view they already possess. But a unified point of view is exactly what most of us lack. How can we explain historical happenings? Which of them should be emphasized and which forgotten? How can we use them to guide us in predicting future developments or choosing a future course of action? These are questions which every historian should answer for himself; if he leaves them all to the reader, he is shirking his task.

Readers who believe, as does the reviewer, that political events are only the surface manifestations of great economic undercurrents, will be strengthened in this conviction by Mr. Powers' review of the political scene. The idealism associated in the popular mind with peace pacts and disarmament conferences is thoroughly exposed. The peace treaty of Versailles, from whatever angle we approach it, cannot but be a treaty of war. The League of Nations is becoming a loungers' club for prolix international diplomats, who tend to obscure international problems, since the rival Powers they represent seek to disguise their greed for economic advantage by introducing irrelevant considerations of every sort—note, for example, the devious obstructionist policy of France within the League. In the general tangle of subterfuge, the course of Soviet Russia stands out with fascinating sharpness. Mr. Powers' chapter on Russia as "The Pragmatist" is impartial and factual, like his other chapters; it discloses both the internal weakness and the internal strength of the workers' republic; but the undeviating foreign policy of the U.S.S.R. is a subject for general praise.

The sections in the book dealing with the three great revolutions of modern times—those in China, India and Russia—are admirable for their detailed analysis, but again and again one misses that interpretative and judicial atti- Mr. Powers' keen analysis of Fascism and Hitlerism, by emphasizing tangible events and numbers, fails to evaluate the emotional and psychological strength of the opposing forces, and notably of the German Communist party. True, this party is smaller numerically, but power of numbers, in a political crisis, often yields to another sort of power, as was decisively proved in Russia.

The eventful years which Mr. Powers chronicles in prose are, in "20 Jahre Weltgeschichte," set forth in over seven hundred photographs. The book, a sort of "Only Yesterday" in pictures, is immensely exciting and conveys the feeling of the times in a way impossible to the man of letters. Naturally there can be no great detailed analysis of economic forces, but the clever juxtaposition of contrasting events, in various countries or at various times, brings vividly before the mind the actuality of profound forces moving with a fatalistic inevitability. What Mr. Powers' book lacks in sprightliness and psychological tension this picture book supplies with its glimpses of outmoded practices and customs and its dramatic photographs of revolutionary uprisings, famine, war, debate. Here, too, in the contrast of two worlds—that of the rich and powerful and that of the weak and discontented—one has the feeling of great revolutionary forces gathering for a final conflict. The book, originally published in Germany, has appeared also in France. An American edition would be of great interest to readers in this country.

FRED J. RINGEL.

Book Notes

BIOGRAPHY

ALBERT THE GOOD, by Hector Bolitho. *New York: D. Appleton and Company. 358 pages. $3.50.*

In gathering material for this biography of Queen Victoria's husband, Mr. Bolitho, who has lived since 1926 at Windsor Castle, collaborating with the Dean of Windsor in writing various Victorian memoirs, has had free access to the Coburg archives. The limitations which such coöperation on the part of the family of his subject impose on the biographer have apparently to some extent conditioned this book. From occasional passages, as when Albert punches his uncle-in-law the King of Hanover in the rear, at a royal wedding, one suspects that, had this book not been dedicated to His Royal Highness the Duke of Saxe-Coburg and Gotha, a more exciting Albert might have emerged. Yet Mr. Bolitho's Prince Consort, kind, diplomatic, conscientious, hard working, endowed with all the middle-class virtues and proud of it, probably more closely approximates the real Albert than any sensational and complex figure that the cohorts of Emil Ludwig might conjure up.

THE LIFE OF HORACE WALPOLE, by Stephen Gwynn. *Boston: Houghton Mifflin Company. 286 pages. $4.50.*

This is less a "life" of Walpole than a series of biographical notes connecting selections from Walpole's letters. It makes no attempt at literary criticism and in point of narrative and analysis is sadly lacking. Mr. Gwynn's chief gift is his power of selection. For those who would like a taste of the famous Walpole letters, which intimately reflect the English scene during a period that included the Seven Years' War, the American and the French Revolutions, and who hesitate to approach the eighteen volumes of the Toynbee edition, this is just the thing.

SILVER DOLLAR: The Story of the Tabors, by David Karsner. *New York: Covici-Friede. 354 pages. $3.*

David Karsner, sympathetic biographer of Traubel and Debs, has turned to the extrovert types which are so typical of the American frontier, and now presents a study of the career of Senator Tabor and his family. Haw Tabor, a storekeeper in

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Colorado who gave credit freely, was accidentally enriched by accepting a share in a mine. Prosperity went to his head. He built opera houses at Leadville and Denver and lavished his wealth on spectacular charities and high living. After becoming Lieutenant-Governor of his state, he bought a short term in the Senate, but alienated public sympathy and ended his political career by putting down the miners' strike and divorcing his first wife to marry Baby Doe. The fortune which had dropped into his hand disappeared as rapidly as it had come: Tabor died in poverty. Silver Dollar, his daughter, lived a disreputable life in Chicago, and in this part of the story, dealing with metropolitan vice, Mr. Karsner is at his best.

Science

RIDDLES OF SCIENCE, by Sir J. Arthur Thomson. *New York: Liveright, Inc. 387 pages. $3.50.*

There can be no question of Sir Arthur Thomson's extraordinary ability as a popularizer of science. For thirty years and more he has made nature his business and hobby, with results that are creditably evident in a score of volumes. The present work is quite definitely intended to be read by those who run. In fifty or more short, genial chapters he races through science from the origin of life to the destinies of the universe, taking up in his stride such things as enzymes, sex, mimicry, cuckoos, colors and perfumes, death and regeneration, wireless—even telepathy, clairvoyance and crystal-gazing. The biological sciences predominate, as is to be expected, and most of the "riddles" have to do with living organisms. His conception of "horizon-problems" is excellent and warns his readers that many "scientific" riddles are, and perhaps always will be, essentially insoluble.

SCIENCE SERVICE PHONOGRAPH RECORDS. 7 records, with photographs of speakers and printed material. *Washington, D. C.: Science Service. $3 the set.*

Science Service is performing a very useful work in attempting to encourage a more widespread and intelligent attitude toward science on the part of the general public. The present experiment in having science talks recorded for the phonograph is to be commended for its educational value, though the recording might be improved; the voices do not always come through properly. The coöperation of such men as Millikan, K. Compton, Baekeland, Merriam and Conklin is, however, an assurance of good will and honest intention.

Verse

POEMS OF FRANCIS THOMPSON, edited by Terrence L. Connolly, S.J. *New York: The Century Company. 581 pages. $3*

In a brief foreword to this volume, Father Connolly remarks upon the steady growth of Thompson's popularity during the last ten years. This news is not surprising. Undoubtedly Thompson was the genius of that particular branch of the English Catholic movement led by Wilfred and Alice Meynell. There has been a wide revival of interest in metaphysical verse, and it would be an extraordinary accident if during any such revival Thompson's poetry should remain unread. This edition of his poems is of value to those who desire a Roman Catholic interpretation of his work. a generous half of the volume is given over to notes; numerous cross references are suggested which include comparisons of Thompson with Edna Millay and Joyce Kilmer. In short, Father Connolly's contribution is proof of patient scholarship and an extensive range of information, but it cannot be accepted as a definitive study of Thompson's poetry.

SOUTHERN ROAD, by Sterling Brown. *New York: Harcourt, Brace and Company. 135 pages. $2.*

Sterling Brown is the latest addition to a small group of authentic Negro poets. His best work is based upon whatever tradition the Negro folk song and the spiritual have to offer: vigorous, well defined rhythms that are most effective when read aloud. His "Odyssey of Big Boy," "Memphis Blues" and "Tin Roof Blues" are all good examples of his skill in reproducing the essential qualities of American Negro folk music—and, what is more, he has handled the usual Neg[illegible] eral use of dialect spelling. This device, though it may be employed with the greatest sincerity and with an accurate ear, always seems artificial and "literary"; no doubt Mr. Brown has made his choice deliberately and is well aware of the limitations imposed by his medium. His lack of pretension and forthright use of realistic Negro material are admirable characteristics which will serve as a solid foundation for his future poetry and the work of others who follow him.

Fiction

THE ANSWERING GLORY, by R. C. Hutchinson. *New York: Farrar and Rinehart. $2.*

This is a record of the eternally romantic spirit and its passionate, irrational pursuit of a single ideal. With great simplicity, Mr. Hutchinson tells the story of an English missionary who, driven by an overwhelming enthusiasm for the natives of a small island off the coast of Africa, devotes her life to their welfare. When finally, after returning to England with tropical fever, she is faced with physical incapacity and other insurmountable difficulties, her quixotic faith in her ability to continue her work makes the acknowledgement of defeat impossible. To this woman life is not tragic. Unlike the moderns who find faith more difficult and whose tragedy often springs from uncertainty, she is able to find happiness in an unquestioning devotion to her illusions. We may doubt the wisdom of this spirit which clings desperately and with a kind of beautiful insanity to its desires; but its sincerity and nobility demand our respect.

THIS CIRCLE OF FLESH, by Lloyd Morris. *New York: Harper and Brothers. $2.50.*

With a cast of characters from New York's literary underworld, dressed up in a prose style several sizes too large for them, this novel has a staginess which is only occasionally relieved by moments of insight and sincerity. An up-to-date renunciation of infidelity, on grounds of good taste and a desire to be unconventional, forms the central complication, while in the background half a dozen subplots provide ammunition for witty comments. There is a remarkable scene in which the editor of a liberal weekly murders a kind and generous racketeer who has come to help him.

Contributors

JOHN DEWEY, the well known American philosopher, is chairman of the National Committee of the League for Independent Political Action.

JOHN DOS PASSOS, the novelist, during the interval between the Republican and Democratic conventions, took a flying trip to Detroit to gather material for the article in the present issue.

HAROLD LEWIS COOK is now living in Avon, Connecticut, having returned from France, where he spent several years teaching English in a private school at Pau.

OTIS C. FERGUSON, who submitted the best sketch in The New Republic's prize contest, is a senior at Clark University at Worcester, Massachusetts, and editor-in-chief of the Clark University Yearbook.

JOHN T. FLYNN, the author of "Investment Trusts Gone Wrong!" (The New Republic Dollar Series) and "Graft in Business," which was published last September by the Vanguard Press, has recently written a biography of John D. Rockefeller, which will appear this fall under the imprint of Harcourt, Brace.

SIDNEY B. FAY is a professor of History at Harvard University and the author of "The Origins of the World War" and a number of textbooks.

HENRY STEELE COMMAGER is professor of History at New York University and co-author, with S. E. Morison, of "The Growth of the American Republic," which was published in 1930 by the Oxford Press.

FRED J. RINGEL, a European journalist who has contributed extensively to continental magazines, was the editor [illegible]

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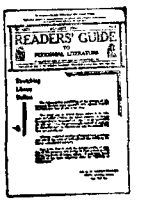

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